九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED

ANNUAL REPORT **2021**

SURGING AHEAD

OUR MISSION STATEMENT

To Be A Key Player In China's Coal-Based Fine Chemical Industry

This annual report has been reviewed by the Company's sponsor, Prime Partners 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 annual report, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

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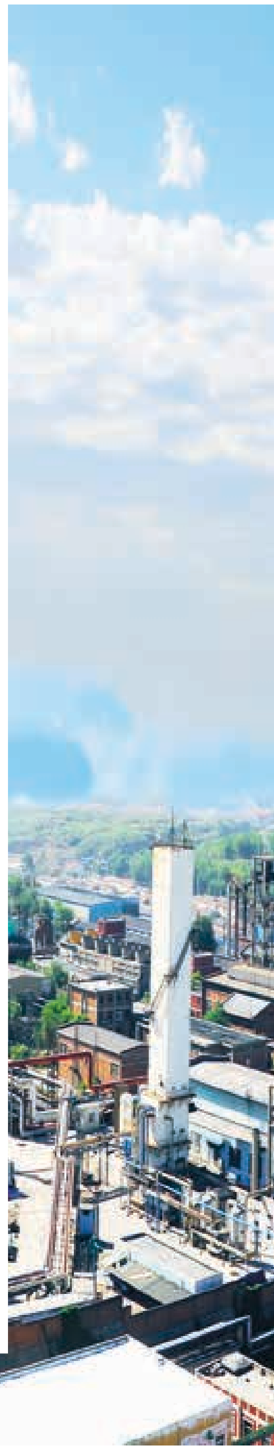
CORPORATE PROFILE

A SPECIALIST IN FINE CHEMICAL INDUSTRY

Jiutian Chemical Group Limited ("Jiutian Chemical" or the "Group"), incorporated in Singapore on 30 November 2004, was listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 May 2006, and transferred to the Catalist of SGX-ST in 2016. We are engaged in the manufacture and production of dimethylformamide ("DMF"), methylamine, sodium hydrosulfate and dimethylaccetamide (DMAC). We are also involved in the processing and sale of consumable carbon dioxide and oxygen-18 and deutrium-depleted water.

We are located in Henan, with a population of 96 million, which together with surrounding provinces have a combined population of 450 million. Whilst economic development and industrialisation in China began on the eastern and southern coast, this process has begun to spread rapidly inland, including to Henan and its surrounding regions, where cost of labour, land and raw materials are significantly lower.

CORPORATE PROFILE



In addition, our location in China's Coal Belt allow us to enjoy a cost advantage over other PRC DMF producers due to our secure and low-cost access to the coal-based raw materials that are used in the manufacture of our products. Our production efficiency and cost-effective supply chain management strategy, which include direct piping-in of raw materials from our main supplier, has provided us a relative cost advantage against our competitors.

Henan Province is also on the Beijing-Guangzhou railway and its capital Zhengzhou, has one of Asia's largest railway stations and network. Zhengzhou has been developed into a logistics central station for cargo transportation. This will further reduce the transportation costs of our products. Our customer base in China consists of customers in Henan, the surrounding provinces adjacent to Henan, namely Hebei, Shaanxi, Shanxi, Hubei, Shandong, and Anhui, and provinces in the Yangtze Delta Region, namely, Jiangsu and Zhejiang.

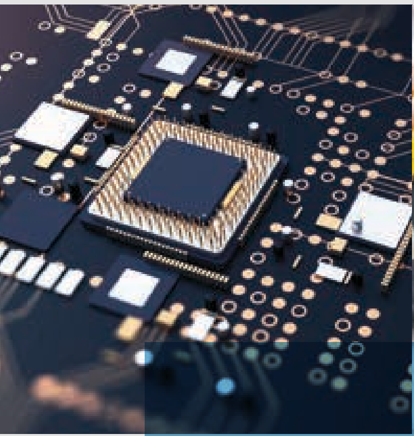
The Group's wholly owned subsidiary, Anyang Jiutian Fine Chemical Co. Ltd. ("Anyang Jiutian") is engaged in the manufacturing and production of DMF and methylamine. Anyang Jiatian has emerged as one of the world's largest manufacturers of DMF with a total annual capacity of 150,000 tons of DMF and methylamine.

The Group has a 49% equity interest in Anyang Jiulong Chemical Co., Ltd. ("Anyang Jiulong") with Henan's largest enterprise and one of China's most significant coal mining companies, Henan Energy and Chemical Industry Group Co., Ltd. ("HNEC"). To date, Anyang Jiulong has completed the construction of two 130 tons per hour steam boilers, two 10,000 tons methanol storage tanks, a 400 tons per hour distilled water station, two 25,000 kilo watts per hour power station and a 20,000 tons DMAC plant. The partnership with HNEC and investment in Anyang Jiulong will strengthen the integration of our operations and diversify our earnings base.

The Group's 74% owned associated company, Anyang Jiujiu Chemical Technology Co., Ltd. is undertaking the Project Sodium Hydrosulfite (the "Project"). Since 31 December 2017, the Project has commenced commercial production of sodium hydrosulfite. The facilities in the Project will enable us to produce 140,000 tons of sodium hydrosulfite annually and together with the ancillary facilities, 45,000 tons of sodium formate, 45,000 tons of sodium matabisulfite and 45,000 tons of liquid sulphur dioxide which are main feedstock of sodium hydrosulfite. This will make us the most integrated and the second largest manufacturer of sodium hydrosulfite in China.

The Group is also branching out into producing Oxygen-18 ("^{18}O") and deuterium-depleted water ("DDW") through our 45% owned subsidiary company, Henan Herunsheng Isotope Technology Co., Ltd. The construction of the main production facilities for the manufacture of ^{18}O have already been substantially completed with trial productions ongoing.

OUR PRODUCTS

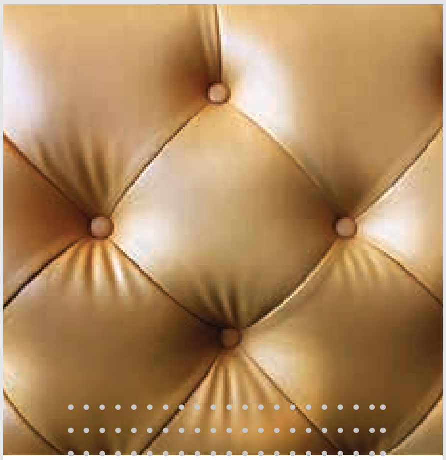


DIMETHYLFORMAMIDE (DMF)

DMF, which is our main product, uses methylamine (another of the Group's secondary products) as a feedstock. DMF has a diversified range of applications. It is in turn used as a feedstock in the production of Polyurethane ("PU"), a key component in the manufacture of consumer goods such as leather products and shoe soles, as well as feedstock in the production for pharmaceutical and agro chemical products. DMF is also a universal industrial solvent that can be used as an absorbing agent mainly in electronics, acrylic fibre and pharmaceutical products.

DMF PRODUCTION PROCESSES

We have a fully integrated production process in our 150,000 tons DMF plant where methylamine manufactured is sold independently as well as used as feedstock in DMF production. This flow-through production process provides operational flexibility, as it allows management to change product mix to suit market conditions. We consistently optimise our cost structure through various measures including minimising transportation costs and ensuring regular supply of our high quality products to the customers.



PU - DMF AS A KEY FEEDSTOCK

One of the most important applications of DMF is its use as a feedstock in the production of PU, an important chemical used in a wide range of consumer related applications. PU products can be found everywhere and is one of the most versatile materials today that offers the elasticity of rubber combined with the toughness and durability of metal. PU absorbs weight, improves durability, enhances insulation in the products and provides added comfort and resiliency.

OUR PRODUCTS

KEY USES OF PU INCLUDE:

CONSUMER GOODS

PU is often used for its insulation and cushioning capabilities. Over three quarters of the global consumption of PU products is in the form of foams with flexible and rigid types being roughly equal in market size. Flexible foams are used in the upholstery of commercial and domestic furniture as well as in automobiles, while rigid foams are found on the insides of metal and plastic walls of most refrigerators and freezers; or behind paper, metals and other surface materials in the case of thermal insulation panels in the construction sector.

SHOE SOLE

DMF is commonly used in manufacturing extremely versatile PU elastomers. With the properties of high levels of elasticity, tensile strength, elongation and shock absorbing abilities, it can be used in manufacturing shoe soles.

PU LEATHER

DMF is also widely used in the manufacture of PU leather, or synthetic leather. Due to its lightweight, classylooking and comfortable properties, PU leather is easily maintained, water-resistant, abrasion-resistant and can be dry-cleaned. Synthetic leather is a lower cost alternative to real leather that can be used in manufacturing sofas, handbags, shoes and belts.

DMF AS UNIVERSAL SOLVENTS

PETROCHEMICAL

DMF can be used as an industrial solvent to produce petrochemical products, including butadiene. When combined with other chemicals, end products include synthetic rubber, nylon and automobile tyres. With the surging consumer and industrial demand for petrochemical products in China, large-scale increases in production capacity of petrochemical products are expected in the coming decade.

ACRYLIC FIBRE/NATURAL LEATHER

DMF is also used as an industrial solvent to produce acrylic fibre. Driven by the global fashion market, acrylic fibre has become a lower cost alternative to cashmere due to its similar soft fabric feeling. It is extensively used in knitwear, carpet, toys, blanket and apparel industries. DMF is also used to remove hair from natural leather.

PHARMACEUTICAL

In China, DMF is used as an industrial solvent to produce antibiotics and other type of consumable drugs - new uses of DMF as an ingredient of pharmaceutical products are being developed contstantly.

ELECTRONICS

DMF is also used to dissolve the catalyst in the epoxylaminated printed circuit boards ("PCB") in the electronics industry. Driven by the influx of investment in the electronics sector, along with the rapid development of the communications industry, China is amongst the world's largest producer of PCB boards, thus demand for DMF in China is expected to remain significant as well.

DMF AS OTHER CHEMICAL FEEDSTOCK

AGROCHEMICAL

DMF and methylamine, used as chemical feedstock to produce agrochemicals such as fertilisers, soil conditioners, pesticides and antibiotics, are critical to raising crops for food. The PRC Government has pledged to improve the living standards of farmers by increasing local agricultural productivity and new investments in the countryside. The use of agrochemicals in Henan Province, which has one of China's largest agricultural sectors, is expected to increase in the coming decades due to this initiative.

OUR PRODUCTS

METHYLAMINE

Methylamine is an important chemical feedstock in the organic chemical industry. It is widely used in various areas, such as agricultural chemicals, medicine, fuel, synthetic resin, leather making, production of the solvent used for chemical fibres, activating agents and photography. Methylamine is produced by the reaction of methanol with ammonia. Most of the methylamine produced by the Group is used as a feedstock for the production of DMF.

CONSUMABLE CARBON DIOXIDE

Carbon dioxide can be broadly classified as industrial carbon dioxide and consumable carbon dioxide. The Group's focus will be the higher margin consumable carbon dioxide due to the increasing demand for the product for use in aerated beverages, tobacco and preservation of vegetables.

SODIUM HYDROSULFITE

Sodium hydrosulfite is a white crystalline powder with a weak sulfurous odor. Its low toxicity makes it suitable for a wide variety of uses. These include water treatment, gas PUrification, cleaning, stripping, and the industrial processing of textiles, leather, foods, polymers, photography and others.

OXYGEN-18

Oxygen-18 is a natural and stable isotope of oxygen. Being an environmental isotope it is an important precursor for the production of fluorodeoxyglucose (FDG) used in positron emission tomography (PET), a medical diagnostic technique.

DEUTERIUM-DEPLETED WATER

Deuterium-depleted water, also known more as light water, is water with a lower concentration of deuterium than occurs naturally. Studies have shown that such water with a low deuterium concentration (<65% percent of volume) can inhibit cancer growth.

CHAIRMAN'S STATEMENT

HAN LIANGUO
Non-Executive and Non-Independent Chairman

"DRIVEN BY THE GREATER MARKET DEMAND, THE GROUP REVENUE FOR THE YEAR ENDED 31 DECEMBER 2021 REGISTERED A NOTABLE GROWTH BY 90% TO RMB 2.17 BILLION FROM RMB 1.15 BILLION IN FY2020. THE SIGNIFICANT BOOST IN OUR PERFORMANCE ALSO TRANSLATED TO THE GROUP'S GROSS PROFIT INCREASING BY 146% AND GROSS PROFIT MARGINS INCREASED FROM 24% IN FY2020 TO 31% IN FY2021"

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

It is my pleasure to present yet another year of remarkable performance for the year ended 31 December 2021 ("FY2021"). The Group has well-positioned ourselves to capitalise on China's continued economic recovery from the COVID-19 pandemic and recorded new milestones of strategic growth over the past year.

In FY2021, there was a surge in demand for our core products from downstream users. These customers from industries such as electric vehicles (EV) batteries, electronics, pharmaceutical and animal feeds saw strong growth in local and export markets, which in turn fuelled the need for our Dimethylformamide ("DMF") and Methylamine products.

Driven by the greater market demand, our sales volume for DMF and Methylamine in FY2021 were 11% and 9% higher than in FY2020. In addition to the higher volume sold, prices for these products also soared during the year, with average selling prices of DMF and Methylamine for FY2021 amounting to RMB 12,127 per tonne and RMB 11,837 per tonne respectively. This was 103% and 57% higher as compared to FY2020.

OUR REMARKABLE PERFORMANCE

Under this backdrop, the Group revenue for the year ended 31 December 2021 registered a notable growth by 90% to RMB 2.17 billion from RMB 1.15 billion in FY2020. The significant boost in our performance also translated to the Group's gross profit increasing by 146% and gross profit margins increased from 24% in FY2020 to 31% in FY2021.

Net profit likewise surged with a 87% increase for a total of RMB 324 million. This is despite a prudent loan impairment provision of RMB 120 million for a sodium hydrosulfite project under an associated company of the Group. Besides recording the highest quarterly net profit in 4Q2021 (before the above-mentioned provision) of RMB 228 million, the Group also stood at a stronger cash position with cash and cash equivalents doubling to RMB 922 million from RMB 454 million in FY2020, largely due to cash generated from operating activities.

During the year under review, the Group also confronted other challenges, including the severe flooding that effected the Henan Province and resulted in low production at both our plants for about 10 days in July. Our DMF and Methylamine production plants were also shut down for 15 days in August for annual maintenance to ensure continued safe operation and efficiency.

However, equipped with sound strategies and careful planning, the Group was able to increase our capacity utilisation of our DMF plant to 62% from 56% in FY2020, whilst the Methylamine plant remained at full capacity. The relatively lower utilisation rate of the DMF plant was primarily due to management's balancing of the production mix to maximise profit.

CHAIRMAN'S STATEMENT

LOOKING AHEAD

China's post COVID-19 economic recovery continues to gather momentum and this translates to sustained and strong demand for our DMF and Methylamine products. Despite the success, the pandemic remains a concern as new variants of the virus may trigger a resurgence even with the rapid vaccination rollouts.

Such concerns have partially materialised as the government has re-imposed lockdown measures in Anyang City due to an outbreak in January 2022 which lowered production at both our plants for about 15 days in January 2022. Following that was the traditional closure of our customers during the Chinese New Year festive period.

Furthermore, macro challenges such as trade tensions, geopolitical conflict and other uncertainties remain in periphery of concern. We will carefully monitor these developments and take the most optimal actions to benefit our stakeholders.

Nonetheless, the Group still remains optimistic about our long-term prospects and continues to hold the ranking as the second-largest DMF producer in China. Our fundamentals of strategic location with access to key resources at good pricings allow us to be competitive and maintain a leading edge.

At Jiutian, we continue to stay focused on our goal of being a key player in China's coal-based fine chemical industry and are in constant pursuit of new means to strengthen our efficiency and capabilities. On that note, our expansion plan comprising a new 100,000-ton Methylamine plant adjacent to our current 120,000-ton Methylamine/DMF facility is now at the approval stage with the relevant authorities. We believe that with the enhanced capabilities, we can deliver greater performance in the near future.

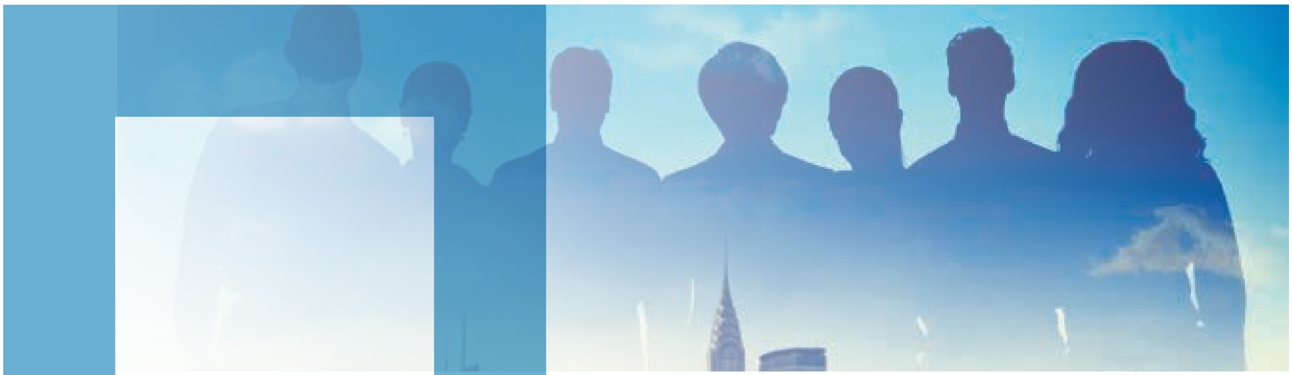
DIVIDEND

To acknowledge our shareholders' faith and trust in us, the Board has recommended a final dividend of SGD 0.0012 per ordinary share, bringing the total dividend for FY2021 to SGD 0.0047 per share. The dividend will be subjected to approval at the upcoming annual general meeting.

IN APPRECIATION

In closing, on behalf of my fellow Board members, I would like to express our most sincere gratitude to our customers, business partners, staff and shareholders for another year of support, hard work and confidence in us. We wish everyone good health and look forward to unlocking greater value with our stakeholders in the upcoming years.

HAN LIANGUO
Non-Executive and Non-Independent Chairman



主席致辞

亲爱的股东，

我很高兴向大家介绍截至2021年12月31日止年度（“2021财年”）又一年的卓越表现。 本集团已做好充分准备，并透过中国经济从冠状病毒（COVID-19）大流行中持续复苏的机会，在过去一年中实现了新的战略增长里程碑。

2021财年，下游用户对我们核心产品的需求激增。这些来自电动汽车电池、电子产品、制药和动物饲料等行业的客户在本地和出口市场实现了强劲增长，进而推动了对我们二甲基甲酰胺（“DMF”）和甲胺产品的需求。

在较大的市场需求推动下，我们在2021财年里DMF和甲胺销量分别比2020财年增长11%和9%。除了销量增加，这些产品的价格也在年内飙升，2021财年DMF和甲胺的平均售价分别为每吨人民币12,127元和每吨11,837元。与2020财年相比，这分别增加了103%和57%。

我们卓越的表现

在此背景下，截至2021年12月31日止年度，集团收入由2020财年的人民币11.5亿元显着增长90%至人民币21.7亿元。我们业绩的显着提升也转化为集团的毛利增长146%，毛利率从2020财年的24%提高到2021财年的31%。

净利润也同样飙升87%，达到人民币3.24亿元。尽管集团为联营公司下的保险粉项目的贷款计提了人民币1.2亿元的审慎减值准备。除了在2021年第四季度录得最高的季度净利润（上述减值准备前人民币2.28亿元外，集团的现金状况也更加强劲，现金及现金等价物从2020财年的人民币4.54亿元翻了一番至人民币9.22亿元，主要是由于经营活动产生的现金。

于回顾年度内，本集团亦面临其他挑战，包括影响河南省的严重水灾，导致我们生产设备于7月份约有10天的产量较低。我们的DMF和甲胺生产设备也在8月关闭了15天进行年度维护，以确保持续安全运行和提高效率。

然而，凭借完善的策略和周密的规划，本集团能够将DMF设备的产能利用率从2020财年的56%提高到62%，而甲胺设备仍保持满负荷运转。DMF设备相对较低的利用率主要是由于管理层平衡生产组合以实现利润最大化。

展望未来

中国在COVID-19后的经济复苏势头继续增强，这转化为对我们的DMF和甲胺产品的持续强劲需求。尽管取得了成功，但大流行仍然令人担忧，因为即使迅速推出疫苗接种，该病毒的新变种也可能引发死灰复燃。

这些担忧已部分实现，由于2022年1月爆发疫情，政府在安阳市重新实施了封锁措施导致我们的生产设备在2022年1月将产量降低了约15天。随后是在农历新年期间我们的客户惯例的停产休息。

此外，贸易紧张、地缘政治冲突和其他不确定性等宏观挑战仍处于关注边缘。我们将仔细监控这些事态发展，并采取最优化的行动来造福我们的利益相关者。

尽管如此，本集团仍然对我们的长期前景保持乐观，并继续保持中国第二大DMF生产商的排名。我们以良好的价格获得关键资源的战略位置基础使我们具有竞争力并保持领先优势。

在九天，我们将继续专注于成为中国煤基精细化工行业关键参与者的目标，并不断寻求新的手段来增强我们的效率和能力。在这方面，我们的扩建计划包涵了一个新的100,000吨甲胺生产设备，将毗邻我们目前的120,000吨甲胺/DMF设备，目前正处于有关当局的审批阶段。我们相信，凭借增强的产能，我们可以在不久的将来提供更好的表现。

股利

为承认我们的股东对我们的信心和信任，董事会建议派发每股普通股新加坡币0.0012的末期股息，使2021财年的总股息达到每股新加坡币0.0047。股息将在即将举行的年度股东大会上获得批准。

鸣谢

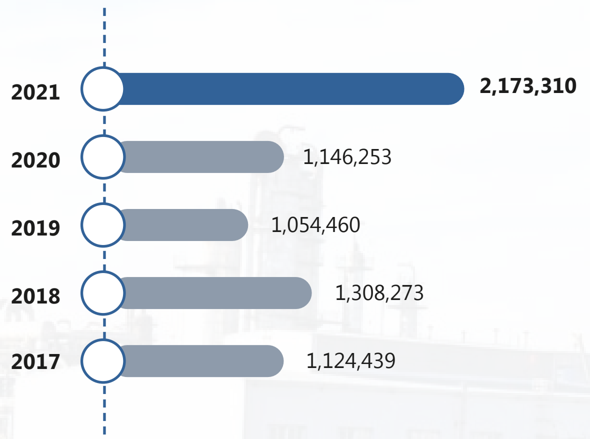
最后，我谨代表我的董事会成员，向我们的客户、业务合作伙伴、员工和股东一年来对我们的支持、辛勤工作和信任表示最诚挚的感谢。我们祝愿每个人身体健康，并期待在未来几年与我们的利益相关者一起释放更大的价值。

韩联国
非执行及非独立主席

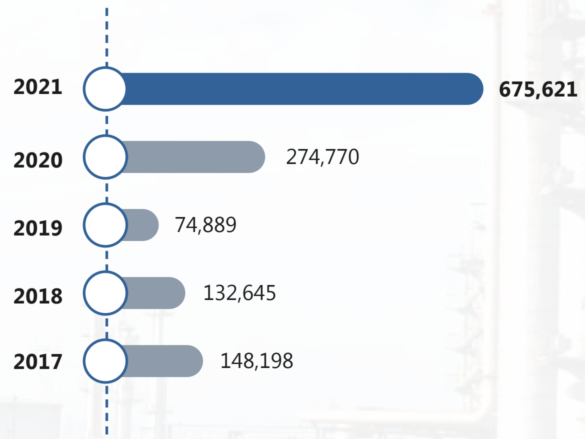
FINANCIAL HIGHLIGHTS

	FY2021	FY2020	FY2019	FY2018	FY2017
Revenue (RMB'000)	**2,173,310**	1,146,253	1,054,460	1,308,273	1,124,439
Gross Profit (RMB'000)	**675,621**	274,770	74,889	132,645	148,198
Profit/(Loss) Attributable to Equity Holders (RMB'000)	**324,901**	173,685	(248,418)	22,079	70,817
Earnings /(Loss) per share (RMB cents)	**16.34**	9.39	(13.66)	1.21	3.89

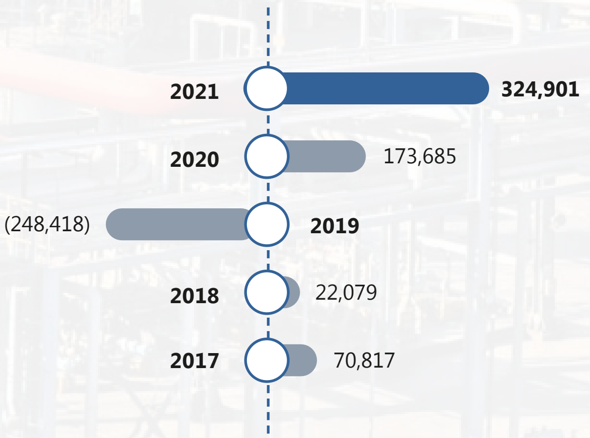
REVENUE (RMB'000)



GROSS PROFIT (RMB'000)

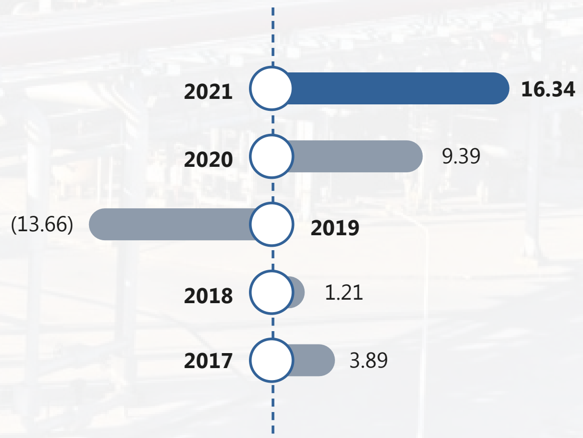


PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS (RMB'000)



EARNINGS/(LOSS) PER SHARE

RMB Cents



REVIEW OF OPERATIONS

REVIEW OF OPERATIONS

THE YEAR IN REVIEW

The financial year ended 31 December 2021 saw the world still grappling with the challenges from the prolonged COVID-19 pandemic. During this time, various global bodies banded together to coordinate efforts and vaccines were deployed in record time. However, new variants of the virus and the subsequent resurgence of cases have upended wider reopening plans.

Despite these challenges, humanity's resilience shines through and collectively forges ahead to revitalise economies and rebuild lives. At Jiutian, we continued to uphold the safety and needs of our stakeholders while navigating challenges and capitalising on opportunities to post a strong set of results.

China, our primary market, has substantially recovered from the COVID-19 crisis and its economy has rebounded with local and export markets picking up steam. Growing demand for electric vehicles (EV) batteries, electronics, pharmaceuticals, and animal feeds has fuelled demand for our core products: DMF and Methylamine. This in turn led to an increase in our sales volume and average product prices.

During the year under review, the average selling prices of DMF soared by 103% to RMB 12,127 per tonne while Methylamine prices rose by 57% to RMB 11,837 per tonne as compared to FY2020. Sales volume for both elevated by 11% and 9% respectively, translating to a 90% increase in revenue for the Group to RMB 2.17 billion from RMB 1.15 billion in FY2020.

In line with the increased activities and strategic planning, the capacity utilisation of our DMF plant rose to 62% from 56% in FY2020 while our Methylamine plant was at full capacity. The relatively lower utilisation rate of the DMF plant was due to the management's balancing of production mix to maximise returns.

In FY2021, the market also experienced soaring coal prices which triggered hikes in the average costs for methanol, liquid ammonia, and industrial steam. These costs went up by approximately 48%, 43% and 93% respectively, resulting in higher cost of production for DMF and Methylamine.

As a result of the above, the Group's gross profit increased significantly by 146% and gross profit margin improved to 31% from 24% previously. Backed by the higher gross profit, our net profit also rose by 87% to RMB 324.49 million despite a prudent loan impairment provision of RMB 120 million to the sodium hydrosulfite project under an associated company of the Group.

On a separate note, the Group's other income was lower by RMB 1.35 million mainly due to an absence of waiver of debts from creditors and lower government grant received by the Group.

The intensifying of activities for the year has also increased operating costs. Total operating expenses for the year increased by RMB 28.37 million due to several factors, the first being higher distribution costs due to an increase of transportation cost under Anyang Jiutian Fine Chemical Co. Ltd. ("Anyang Jiutian") in line with higher sales volume during the financial year. Secondly, administrative expenses increased mainly due to higher performance-related salary expenses and under provision of staff bonus related to FY2020. Lastly, there was a share of loss from the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("Anyang Jiulong"), due mainly to the impairment on receivables and impairment of property, plant and equipment at Anyang Jiujiu.

In addition, the Group's other expenses also increased due to an absence of reversal of impairment loss on property plant and equipment that occurred in FY2020, and a higher foreign exchange loss arising from the revaluation of certain monetary assets and liabilities in holding company denominated in Singapore dollars to RMB. This was due to strengthening of the RMB against the Singapore dollar during the financial year.

STATEMENT OF FINANCIAL POSITION

During FY2021, the Group's current assets increased from RMB 1.16 billion as at 31 December 2020, to RMB 1.60 billion. This was due to an increase in trade receivables as more customers opted to use trade bills as a form of repayment during the year and this led to a longer credit repayment period. However, part of the trade bills received from customers during FY2021 were then used to repay the suppliers as trade

REVIEW OF OPERATIONS

bills payables. Also, inventories increased due to an increase in goods in transit as at 31 December 2021, and there was an increase in cash and cash equivalents due to cash generated from operating activities.

In contrast, the Group's non-current assets increased to RMB 294.28 million due to reclassification of loan to Anyang Jiujiu amounting RMB 30.46 million from current assets and partially offset with the depreciation charges of property, plant and equipment.

Current liabilities for the year likewise increased by RMB 112.55 million to RMB 1.02 billion due to an increase in gross trade and other payables due to trade bills received from customers with longer credit repayment period used to repay suppliers as trade bills payables and higher income tax payables due to higher net profit for the financial year. There was also an increase in contract liabilities due to higher selling prices for our products. These were partially offset with a decrease in bank borrowings due to repayment of term loan and bill payables to banks.

Meanwhile, non-current liabilities increased to RMB 58.69 million due to a drawdown of RMB 49 million loan term bank borrowings and a provision of deferred withholding tax liabilities arising from undistributed profits of Anyang Jiutian.

WORKING CAPITAL

As at 31 December 2021, the Group has more than doubled its net current assets to RMB 578.35 million from RMB 251.29 million in FY2020 putting us in good stead to weather unforeseen challenges and seize opportunities that may arise.

STATEMENT OF CASH FLOWS

Net cash generated from operating activities amounted to RMB 655.81 million in FY2021 and was mainly due to operating cash flows partially offset by income tax paid.

Net cash used in investing activities totalled RMB 27.6 million for the same period and was mainly due to purchase of property, plant and equipment for the addition of a raw material storage tank and advance provided to Anyang Jiujiu for working capital purposes.

Net cash of RMB 110.89 million was used for financing activities in FY2021 mainly for repayment of bank borrowings, decrease in bill payables to bank and FY2021 interim dividend paid.

As we continue to navigate our way forward, the Group will constantly strive to strengthen our financial position, while riding on our growth momentum this year, to achieve greater success and unlock greater value for our stakeholders in the upcoming years.

BOARD OF DIRECTORS

MR HAN LIANGUO

Non-Executive and Non-Independent Chairman

Mr Han Lianguo was appointed as the Non-Executive and Non-Independent Chairman of the Group on 22 March 2019. Mr Han graduated from the Zhengzhou University of Technology with a bachelor's degree in engineering. He is currently also the Chairman of Anyang Chemical Industry Group Co., Ltd. ("Anhua") and the General Manager of Anyang Yongjin Chemical Co., Ltd. Prior to these appointments, Mr Han also held various managerial and supervisory positions in Anhua across a span of over 23 years.

MR LEE CHEE SENG

Executive Director

Mr Lee Chee Seng, Executive Director, is responsible for corporate finance and strategic planning for the Group. Mr Lee graduated from the National University of Singapore obtaining First Class Honours degree in Bachelor of Civil Engineering in 1987. Upon graduation, Mr Lee joined the Monetary Authority of Singapore as a central banking officer. Mr Lee has been a qualified Chartered Financial Analyst (CFA) since 1990. Mr Lee joined Morgan Grenfell (Asia) Limited in 1988 and was promoted in 1993 to become the Managing Director of Deutsche Morgan Grenfell (Malaysia) to run its investment banking business in Malaysia. Mr Lee returned to Singapore in 1994 to become Head of Corporate Finance for South-East Asia for Deutsche Morgan Grenfell Asia. Between April 2001 and November 2003, Mr Lee served as non-executive director of Malaysian Plantations Berhad, a Malaysian holding company for Alliance Bank Malaysia, and as exco member on the boards of its banking and finance subsidiaries.

MR WU YU LIANG

Non-Executive and Lead Independent Director

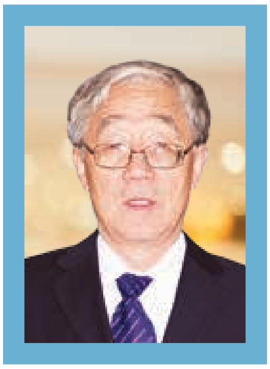
Mr Wu Yu Liang is an Independent Director. On 28 February 2008, Mr Wu was appointed by the Board as the Lead Independent Director of the Company. He graduated in 1985 from the National University of Singapore with a degree in Bachelor of Laws with Second Class Honours (Upper Division). He was admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1986. Mr Wu is currently the Managing Director of the Law Corporation WU LLC. His main areas of practice are corporate and commercial laws as well as litigation.

BOARD OF DIRECTORS

MR CHAN KAM LOON

Non-Executive and Independent Director

Mr Chan Kam Loon is an Independent Director. He holds a degree in Accounting and Finance from the London School of Economics and Political Science and is a Chartered Accountant with the Institute of Chartered Accountants in England and Wales. Between 1990 and 1996, Mr Chan worked at Morgan Grenfell Asia Ltd. and HG Asia Securities Ltd. in their corporate finance teams. From 1996 to 2001, Mr Chan was a Director of Investments at a private equity fund, Suez Asia Holdings Pte Ltd. From July 2001 to July 2004, Mr Chan headed up the Listings Function within the Markets Group at the Singapore Exchange Securities Trading Limited.



MR GAO GUOAN

Non-Executive and Independent Director

Mr Gao Guoan was appointed as a Non-Executive and Independent Director on 26 April 2013. Mr Gao was the secretary of the Party Committee of Henan Coal Mine Design Institute and the secretary of Party Committee and director of Henan Coal Industrial Department (Bureau). He also served as a member of Henan CPPCC Standing Committee and the deputy head of its Human Resources and Environment Committee. Mr Gao was also the president of Henan Province Coal Industrial Association.

MR ZHANG HONGTAO

Non-Executive and Non-Independent Director

Mr Zhang Hongtao was appointed as a Non-Executive and Non-Independent Director on 1 February 2018. Mr Zhang obtained a Bachelor Degree in Auditing from Wuhan University and a Master Degree in Statistics and Risk Management from the University of South Australia. Mr Zhang is currently the Deputy Head of Capital Operations of Henan Energy and Chemical Industry Group Co., Limited ("HNEC"). Prior to his current appointment in HNEC, Mr Zhang was Deputy Head of Capital Operations in China Pingmei Shenma Energy & Chemical Group Co., Ltd. from March 2011 to July 2017.

BOARD OF DIRECTORS

MR WANG GANG
Non-Executive and Non-Independent Director

Mr Wang Gang was appointed as a Non-Executive and Non-Independent Director on 1 February 2018. Mr Wang specialises in accounting and has a Bachelor Degree in Accounting from the Henan University of Finance and Economics. He is currently the Deputy General Manager of Financial Business Department of HNEC. Prior to his current appointment in HNEC, Mr Wang was the Chief Financial Officer of Anyang Chemical Industry Group Co Ltd. from July 2017 to June 2021 and Department Head of Finance of Henan Province Gas (Group) Co., Ltd. from December 2012 to December 2016.

MR CHEN MINGJIN
Non-Executive and Independent Director

Mr Chen Mingjin was appointed as a Non-Executive and Independent Director on 1 February 2018. Mr Chen graduated from Northeast Forestry University of China with a Bachelor Degree in Forestry Economy. Subsequently, he obtained a Master's Degree in Economic Management from Heilongjiang Academy of Social Sciences. Between 2001 and 2012, he was the Vice Mayor of Anyang City, Henan Province. He also served as Deputy Secretary of the municipal Government and Municipal Standing Committee.

MR KOH ENG KHENG VICTOR
Non-Executive and Independent Director

Mr Koh Eng Kheng Victor was appointed as a Non-Executive and Independent Director on 1 February 2018. Mr Koh graduated from the National University of Singapore in 1986 with a Bachelor of Business Administration (Honours). He was awarded the designation of Chartered Financial Analyst in 1992, and is a member of CFA Society Singapore. Mr Koh has over 26 years of experience with Asia ex-Japan equity markets, principally in the area of asset allocation and portfolio management. He was 18 years with AIG Global Investment Corporation (Singapore) Ltd. (subsequently renamed PineBridge Investments Singapore Limited) where he served as Managing Director of Asia ex-Japan equities and subsequently as Chairman and Chief Executive Officer of the company. Mr Koh had also previously served as a member of Commercial Affairs Department Panel of Experts on Security offences.

KEY MANAGEMENT

MR WEI HONGGUANG
Acting CEO and General Manager of Subsidiaries

Mr Wei Hongguang graduated from Anyang Institute of Technology with a Bachelor Degree in Chemical Engineering and Technology. Mr Wei was appointed as the General Manager of the China Subsidiaries in May 2017. He is responsible for taking care of the daily operations of the subsidiaries. Prior to joining the Group, Mr Wei was a Manager in Anyang Chemical Industry Group Co., Ltd., where he held a number of supervisor and manager positions spanning over 10 years.

MR NG HAN KIAT
Group Financial Controller

Mr Ng Han Kiat is responsible for the accounting, financial and taxation matters of the Jiutian Chemical Group Limited. He is experienced in the accounting and finance industries and has substantially been involved in public and private company audits whilst working at accounting and business advisory firms in Singapore.

MR HE QINGWU
Head of Marketing

Mr He Qingwu is responsible for directing market research, planning, market analysis and forecast, monitoring national and international development and changes in the product market, formulating marketing strategy and brand strategy. Mr He joined the group in August 2017 as Deputy Head of Marketing and was promoted to the current position in July 2019. Mr He obtained a Bachelor Degree from Xi'an Jiaotong University.

MR CHEN YIQUAN
Vice General Manager of Subsidiaries
-Production and Technology

Mr Chen Yiquan is responsible for the management and deployment of our production personnel, setting of the Group's technical targets, ensuring stable production and energy conservation. Mr Chen joined Anyang Jiutian in October 2010. Mr Chen graduated with a Bachelor's Degree in Open University of China.

MR ZONG HU
Financial Controller of Subsidiaries

Mr Zong Hu graduated from Henan University of Economics and Law with a Bachelor of Business Administration. He worked in the Finance Department of Anhua from 2006 to 2020 and participated in the production costing, project financial management and manages the company's finances. Mr Zong joined Anyang Jiutian in 2021 as the financial controller and is responsible for the financial management, financial budget, financial statements and taxation of the subsidiary in China.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Han Lianguo
Lee Chee Seng
Wu Yu Liang
Chan Kam Loon
Gao Guoan
Zhang Hongtao
Wang Gang
Chen Mingjin
Koh Eng Kheng Victor

AUDIT COMMITTEE
Chan Kam Loon (Chairman)
Wu Yu Liang
Koh Eng Kheng Victor

NOMINATING COMMITTEE
Gao Guoan (Chairman)
Koh Eng Kheng Victor
Han Lianguo

REMUNERATION COMMITTEE
Wu Yu Liang (Chairman)
Chan Kam Loon
Gao Guoan

COMPANY SECRETARIES
Lee Wei Hsiung, ACIS
Lee Pay Lee, ACIS#

Lee Pay Lee resigned as a Company secretary with effect from 21 January 2022.

REGISTERED OFFICE
80 Robinson Road #02-00
Singapore 068898
Telephone number: 6536 3738
Fax number: 6236 4399

COMPANY REGISTRATION NUMBER
200415416H

PRINCIPAL PLACE OF BUSINESS ADDRESS
350 Orchard Road
#21-03 Shaw House
Singapore 238868
Telephone number: 6536 3738
Fax number: 6536 3898

Zhangwu Street, Long An District
Anyang City, Henan Province
People's Republic of China

SHARE REGISTRAR
Tricor Barbinder Share Registration Services
(a business division of Tricor Singapore Pte. Ltd.)
80 Robinson Road #02-00
Singapore 068898

PRINCIPAL BANKER
Industrial and Commercial Bank of China
Anhua Branch
Zhangwu Street, Long An District,
Anyang City, Henan Province,
People's Republic of China

INDEPENDENT AUDITOR
Baker Tilly TFW LLP
Chartered Accountants of Singapore
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778
Partner-in-charge: Mr Ong Kian Guan
Appointed since financial year ended 31 December 2018

CONTINUING SPONSOR
PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

CORPORATE GOVERNANCE REPORT

JIUTIAN CHEMICAL GROUP LIMITED ("**Jiutian Chemical**" or the "**Company**") is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (the "**Group**") to advance its mission to create value for the Group's customers and shareholders. The Board recognises the importance of practicing good corporate governance as a fundamental part of its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This report outlines the Company's corporate governance processes and activities that were in place, with specific reference to the Code of Corporate Governance 2018 (the "**Code**") and the disclosure guide (the "**Guide**") developed by Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

The Group is generally in compliance with the principles and provisions as set out in the Code and the Guide. Appropriate explanations have been provided in relevant sections where there are deviations.

BOARD MATTERS

Principle 1 – THE BOARD'S CONDUCT OF AFFAIRS

The Company is led by an effective Board, working closely with the Management for the long-term success of the Company. The composition of the Board as at the date of this report is as follows:

Mr Han Lianguo	Non-Executive and Non-Independent Chairman
Mr Lee Chee Seng	Executive Director
Mr Wang Gang	Non-Executive and Non-Independent Director
Mr Zhang Hongtao*	Non-Executive and Non-Independent Director
Mr Wu Yu Liang	Non-Executive and Lead Independent Director
Mr Chan Kam Loon	Non-Executive and Independent Director
Mr Gao Guoan	Non-Executive and Independent Director
Mr Chen Mingjin	Non-Executive and Independent Director
Mr Koh Eng Kheng Victor	Non-Executive and Independent Director

* Mr Zhang Hongtao will be retiring at forthcoming AGM on 28 April 2022.

All Directors objectively discharge their duties and responsibilities at all times in the interest of the Company. The principal functions of the Board apart from its statutory responsibilities are to:

a) set values and standards of the Company and ensure that obligations to shareholders are understood and met;

b) provide entrepreneurial leadership, approve the strategic and financial objectives, corporate policies and authorisation matrix of the Company;

c) align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders;

d) oversee the processes for risk management, financial reporting and compliance and evaluate the adequacy of internal controls; approve annual budget, key operational matters, major acquisition and divestment proposals and major funding proposals of the Company;

e) review management performance;

f) ensure compliance with all laws and regulations as may be relevant to the business;

g) approve the nominations to the Board of Directors and appointment of key management personnel, as may be recommended by the Nominating Committee;

h) identifying the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

i) formulate and put in place corporate governance framework of the Company; and

j) considering sustainability issues including environmental and social factors in the formulation of Group's strategies.

The Board meets at least four times a year. Ad-hoc meetings are convened as warranted by circumstances or deemed appropriate by the Board members. Non-Executive Directors are encouraged to meet regularly without management present.

Where Board Meetings are not convened, the Board may use circular resolution in writing to sanction certain decisions. Directors facing conflict of interest will recuse themselves from discussions and decisions involving the issues of conflict.

The Group has adopted and documented internal guidelines setting forth the matters that require Board's prior approval. Matters which are specifically reserved for the decision of the entire Board include:

- Approval of quarterly results announcements, annual reports and audited financial statements;
- Convening of shareholders' meetings;
- Group strategy, business plan and annual budget;
- Material acquisition and disposal of assets;
- Capital-related matters including financial re-structure, market fund-raising;
- Share issuances, dividends release or changes in capital;
- Material interested person transactions; and
- Any investment or expenditures.

While matters relating to the Group's objectives, strategies and policies require the Board's decision and approval, Management is responsible for the day-to-day operation and administration of the Group.

To facilitate effective management, certain functions of the Board have been delegated to various Board Committees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). Further information regarding the function and details of the terms of reference of the Board Committees are set out in the later part of the report.

In financial year ended 31 December 2021 ("**FY2021**"), the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:

	Board	AC(1)	NC(2)	RC(3)
	Number of Meetings held:	**Number of Meetings held:**	**Number of Meetings held:**	**Number of Meetings held:**
	4	**4**	**1**	**1**
Name	**Number of Meetings Attended**	**Number of Meetings Attended**	**Number of Meetings Attended**	**Number of Meetings Attended**
Mr Han Lianguo	4	n.a.	1 (Member)	n.a.
Mr Lee Chee Seng	4	n.a.	n.a.	n.a.
Mr Wang Gang	3	n.a.	n.a.	n.a.
Mr Zhang Hongtao	2	n.a.	n.a.	n.a.
Mr Wu Yu Liang	4	4 (Member)	n.a.	1 (Chairman)
Mr Chan Kam Loon	4	4 (Chairman)	n.a	1 (Member)
Mr Gao Guoan	4	n.a.	1 (Chairman)	1 (Member)
Mr Chen Mingjin	4	n.a.	n.a.	n.a.
Mr Koh Eng Kheng Victor	4	4 (Member)	1 (Member)	n.a.

n.a.: not applicable

For FY2021

(1) *The AC comprises 3 members, all of whom, including the Chairman, are independent. All members of the AC are Non-Executive Directors.*

(2) *The NC comprises 3 members, the majority of whom, including the Chairman, are independent.*

(3) *The RC comprises 3 members, all of whom, including the Chairman, are independent. All members of the RC are Non-Executive Directors.*

The Board values on-going professional development and recognises that it is important that all Directors receive regular training so as to be able to serve efficiently on and contribute to the Board. Each Director is entitled a certain budget to their training needs, to keep abreast with the latest developments such as updates on the relevant laws and regulations, changes in technology and industrial practice relating to the Group's business. The Group has an open policy for professional training for all Board members. The Company endorses the Singapore Institute of Directors ("**SID**") training programs and sets a budget for such training and professional development programs. All Board members are encouraged to attend relevant trainings organised by the SID or any other organisation which provides relevant training courses for directors. The cost of such training will be borne by the Company.

The Company will arrange for all newly appointed directors (if any) to meet with the Company's senior management to familiarise themselves with the business, operations and governance practices of the Company and its subsidiaries. Newly appointed Directors will be provided a formal letter setting out their duties and obligations. Existing directors of the Company are encouraged to participate in seminars and/or briefing sessions to be kept abreast of latest developments, such as regulatory changes which applicable to the Group.

While the Directors have not attended any external trainings for FY2021, briefings and updates for the Directors include:

- The independent auditors had briefed the AC on changes or amendments to accounting standards.
- The Company Secretary has briefed the Board on regulatory changes, such as changes to the Companies Act and/or the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").
- The Executive Director briefed the Board on the business activities and updates of the Group.

Under the existing Constitution of the Company, the Directors may participate in a meeting of the Directors by means of a conference via telephone or similar communications. Timely communication with the Board can be achieved through electronic means.

From time to time, the directors are furnished with detailed information concerning the Group to enable them to be fully aware and understand the decisions and actions of the management of the Group. The Board has unrestricted access to the Group's records and information. As a general rule, the Board papers are required to be sent to directors at least five (5) working days before Board meeting so that members may better understand the matters before the Board meeting and discussion may be focused on questions that the Board has about the Board papers. The Board papers include sufficient information from the management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Directors with multiple board representations (if any) will ensure that sufficient time and attention are given to the affairs of the Company.

The independent directors have separate and independent access to the Group's senior management and Company Secretary at all times. The appointment and removal of the company secretary are subject to the approval of the Board. The Board also takes independent professional advice as and when necessary to enable them to discharge their responsibilities effectively. Subject to the approval of the Chairman, Directors, whether as a group or individually, may seek and obtain independent professional advice to assist them in their duties, at the Company's expense.

Principle 2 – Board Composition and Guidance

The Board comprises nine (9) Directors: one (1) Executive Director ("ED"), five (5) Non-Executive and Independent Directors ("**ID**") and three (3) Non-Executive and Non-Independent Directors ("**NENID**") as at the date of this report. The profiles of the Directors are set out on pages 14, 15 and 16 of this Annual Report.

In view of the fact that the Chairman is not an Independent Director, the majority of the Board are independent. The majority of the Board also make up of non-executive directors. In the event of any retirement, resignation or redesignation which renders the Company unable to meet these requirement, the Company would endeavor to fill the vacancy within two months, but in any case not later than three months.

The Board assesses the effectiveness of the Board and Board Committees as a whole and the contribution by each Director to the effectiveness of the Board annually. It is of the view that the current composition and board size is appropriate for effective decision making. The Board will continue to review the size of the Board on an ongoing basis. In addition, each Director has been appointed on the strength of his calibre and experience which brings about a valuable range of experience and expertise to contribute to the development of the strategy and performance of the Company. As a team, the Board collectively provides core competencies in the areas of accounting, finance, legal, business and management, as well as industry knowledge.

The IDs have confirmed that they are independent in conduct, character and judgement, and have no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directs' independent business judgement in the best interests of the Company as stipulated in Provision 2.1 of the Code as well as Rule 406(3)(d) of the Catalist Rules. Annually, each ID is required to complete the Director's Independence confirmation checklist in their assessment of independence. The NC has reviewed, determined and confirmed the independence of the IDs in accordance with the Code and the Catalist Rules.

The NC has affirmed that Mr Wu Yu Liang, Mr Chan Kam Loon, Mr Gao Guoan, Mr Chen Mingjin and Mr Koh Eng Kheng Victor are independent. Each ID has abstained from the NC/Board's determination of his independence. There is no Director who is deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code.

The Board recognises that IDs may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contributions to the Board as a whole.

The NC noted that prior to 1 January 2022, Guideline 2.4 of the 2012 Code shall apply to Directors who have served on the Board beyond nine years from the date of his or her first appointment.

Guideline 2.4 of the 2012 Code states that the independence of any Director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

Mr Chan Kam Loon, Mr Wu Yu Liang and Mr Gao Guoan were appointed as an Independent Director on 19 April 2006 and 26 April 2013 respectively. They have served the Board for more than nine (9) years. The NC has conducted a rigorous review of their continuing contribution, character, background and independence.

The NC considered that Mr Wu Yu Liang, Mr Chan Kam Loon and Mr Gao Guoan continued to demonstrate a strong spirit of professionalism, independence of conduct at the Board and Board Committee meetings. They have been consistent and diligent in discharging their duties and exercise sound independent business judgment in the deliberation for the best interest of the Company and objectivity which did not diminish over time. The length of their services on the Board didn't affect their independence from the Management and the Board as they continue to express their independent views and debate the issues in the Meetings.

With effect from 1 January 2022, a Director will not be independent if he has served for an aggregate of more than nine (9) years and his continued appointment as an Independent Director has not be sought and approved in separate resolutions by (a) all shareholders and (b) shareholders, excluding the Directors and chief executive officer of the issuer, and associates of such Directors and chief executive officer (the "**Two-Tier Voting**"). Such resolutions approved by a Two-Tier Voting may remain in force for three years from the conclusion of the annual general meeting following the passing of the resolutions or the retirement or resignation of the Directors, whichever the earlier.

Mr Wu Yu Liang and Mr Chan Kam Loon respectively had sought the Two-Tier Voting from the shareholders to continue in office as Independent Directors for a three-year term, effective from the resolutions being passed at the AGM held on 28 April 2021. Mr Wu Yu Liang had continued as the Non-Executive and Lead Independent Director of the Company, the Chairman of the Remuneration Committee and a member of Audit Committee while Mr. Chan Kam Loon continued as Non-Executive and Independent Director of the Company, the Chairman of the Audit Committee and a member of Remuneration Committee. Each Mr Wu Yu Liang and Mr Chan Kam Loon is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

Mr Gao Guoan would have served for 9 years on 25 April 2022 and would be re-designated as a Non-Executive and Non-Independent Director as of and from 26 April 2022. The Board has recommended that the approval of the shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for Mr Gao Guoan to continue in office as a Non-Executive and Independent Director of the Company, notwithstanding that he has served as Non-Executive and Independent Director of the Company for an aggregate term of more than nine (9) years. The Board has determined that Mr Gao Guoan continues to remain objective and independent minded in Board deliberations. If Mr Gao Guoan fails to obtain the requisite shareholders' approval, the Company shall review and make the necessary changes to its board composition.

Additionally the Board is of the opinion that it would be most effective to draw on the wealth of experience from the long serving directors while concurrently taking progressive steps to review and consider opportunities to refresh the Board as and when deemed required. To meet the changing challenges in the industry, such review includes considering factors such as the expertise, skills and perspectives which the Board needs against the existing competencies would be done on an annual basis to ensure that the Board dynamics remain optimal.

The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.

The current Board composition provides a diversity of skills, experience, and knowledge to the Company as follows:

Table 2.6 – Balance and Diversity of the Board

	Number of Directors	Proportion of Board
Core Competencies		
- Accounting or finance	5	56%
- Business management	9	100%
- Legal or corporate governance	3	33%
- Relevant industry knowledge or experience	5	56%
- Strategic planning experience	9	100%

The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.

The Board and management recognise the benefits of open and constructive debates, Non-Executive Directors may challenge and help to develop proposals on strategy and guidance to the management in the best interest of the Company.

The Non-Executive Directors and/or Independent Directors are scheduled to meet regularly, and as warranted, in the absence of key management personnel to discuss concerns or matters such as the effectiveness of Management. For FY2021, the Non-Executive Directors and Independent Directors have met once in the absence of key management personnel.

Principle 3 – Chairman and Chief Executive Officer

To ensure a balance of power and authority within the Company, the role of the Non-Executive and Non-Independent Chairman ("**Chairman**") and the Acting Chief Executive Officer ("**Acting CEO**") of the Company are undertaken by separate persons, Mr Han Lianguo and Mr Wei Hongguang respectively as at the date of this report.

Mr Han Lianguo was appointed as the Non-Executive and Non-Independent Chairman, plays a key role in developing a strong leadership and vision of the Group. The Chairman is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He works closely with the Board to implement the policies set by the Board to realise the Company's vision. He also promotes a culture of openness and debate at the Board, facilitate the effective contribution of the Board and encourages constructive relations within the Board and between the Board and the Management. All major decisions made by the Chairman are reviewed by the Board.

As the Acting CEO, Mr Wei Hongguang's responsibility includes overseeing the business operations of the Group with the assistance of key management personnel and takes a leading role in developing the business of the Group. He also oversees the execution of the business and corporate strategy decision made by the Board.

The Chairman of the Company and Acting CEO are not related to each other.

Mr Lee Chee Seng is the Executive Director of the Company who is responsible for the day-to-day operations of the Company, with the support of Management to ensure the implementation of policies and strategy across the Group. Mr Lee has collaborated closely with the NENID and leads the development of the Company's future strategy.

Mr Wu Yu Liang, has also been appointed as the Lead Independent Director of the Company and make himself available to the shareholders if they have concerns relating to matters which the Chairman or Acting CEO or Group Financial Controller have failed to resolve or contact through which is inappropriate. The Lead Independent Director makes himself available to shareholders at the Company's general meetings.

Led by the Lead Independent Director, the IDs will meet in the absence of the other Directors as and when circumstances warrant.

Principle 4 – Board Membership

Nominating Committee

In FY2021, the NC comprises the following three (3) members, majority of whom, including the Chairman are independent:

Gao Guoan	(NC Chairman, ID)
Koh Eng Kheng Victor	(Member, ID)
Han Lianguo	(Member, NENID)

The NC has written terms of reference that describe the responsibilities of its members. The duties of the NC, among others, are as follows:

(a) review and make recommendations to the Board on all candidates nominated for appointment and re-appointment to the Board as well as to the senior management positions in the Company, taking into account the candidate's track record, age, experience, capabilities and other relevant factors;

(b) identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election;

(c) determine annually whether or not a Director is independent in accordance with the Provision 2.1 of the Code and other salient factors;

(d) decide, in relation to a Director who has multiple board representations, whether or not such Director is able to and has been adequately carrying out his duties as Director of the Company;

(e) put in place plans for succession, in particular, of the chairman of the Board and the key management personnel of the Company;

(f) make recommendations to the Board on matters relating to the review of training and professional development programs for the Board;

(g) the process and criteria to evaluate the effectiveness of the Board as a whole and assess the contribution by each Director, to the effectiveness of the Board; and

(h) procure that at least one-third (1/3) of the Board shall comprise of IDs. (or such other minimum proportion and criteria as may be specified in the CG Code from time to time.)

The NC has in place formal written procedures for making recommendations to the Board on the selection and appointment of Directors. Such procedures would be activated when a vacancy on the Board arises or when the Board is considering making a new Board appointment either to enhance the core competency of the Board or for purpose of progressive renewal of the Board.

In identifying suitable candidates, the NC may:

1. Advertise or use services of external advisers to facilitate a search.

2. Approach alternative sources such as the SID.

3. Consider candidates from a wide range of backgrounds from internal or external sources.

4. After short listing the candidates, the NC shall:

    (a) consider and interview all candidates on merit against objective criteria, taking into consideration that appointees have enough time available to devote to the position; and

    (b) evaluate and agree to a preferred candidate for recommendation to and appointment by the Board.

The NC and Board has also taken into consideration whether a director had served on the board with an adverse track record before his appointment as a director of the Company. In addition, the NC will review the directorship of each director and assess whether the resignation from any company casts any doubt on his qualification and ability to act as a director of the Company. The Board is satisfied the existing directors who had served the Board did not have any adverse track record in FY2021.

CORPORATE GOVERNANCE REPORT

The NC has also reviewed the Company's succession plan for all directors, Acting CEO and Key Management Personnel including the mechanisms for identifying the suitable and potential candidates for the Company.

The Company currently does not have any alternate director.

The following non-executive and non-independent Directors are not part of the Management. They do not participate in the company's day-to-day operation and did not receive the director's fee from the Company. They are nominees of Henan Energy and Chemical Industry Group Co., being the ultimate holding Company of Anyang Longyu (HK) Development Co., Ltd (Controlling Shareholder of the Company):

(1) Mr Han Lianguo, Chairman of Anyang Chemical Industry Group Co., Ltd, the holding Company of the Anyang Longyu (HK) Development Co., Ltd, being the Controlling Shareholder of the Company and General Manager of Anyang Yongjin Chemical Co., Ltd;

(2) Mr Wang Gang, Chief Financial Officer of Anyang Chemical Industry Group Co., Ltd; and

(3) Mr Zhang Hongtao, Deputy head of Capital Operations of Henan Energy and Chemical Industry Group Co., Ltd..

In accordance with the provisions of the Company's Constitution and Rule 720(4) of the Catalist Rules, one-third of the Directors will retire by rotation and being eligible, submit for re-election at every Annual General Meeting ("AGM"). No Director can stay in office for more than 3 years without being re-elected by the shareholders in the Company. Any new director appointed prior to the AGM, is also required to seek re-election by shareholders at the forthcoming AGM.

The tabulation of the Company's assessment processes for re-election of incumbent Directors are shown below:

1.	Assessment of director	• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and • The NC would also consider the current needs of the Board.
2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.

Pursuant to Regulation 91 of the Company's Constitution, the NC had reviewed and recommended the following Directors for re-election as Director at the forthcoming AGM of the Company:

1. Mr Lee Chee Seng, upon re-election as a director of the Company, will remain as an Executive Director.

2. Mr Wang Gang, upon re-election as a director of the Company, will remain as a Non-Executive and Non-Independent Director.

3. Mr Gao Guoan, upon re-election as a director of the Company, will remain as a Non-Executive and Independent Director and Chairman of NC. The Board considers Mr Gao to be independent for the purpose of Rule 704(7) of the Catalist Rules.

4. Mr Zhang Hongtao will retire at the forthcoming AGM and he has decided not to seek for re-election thereat.

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Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the retiring Directors seeking re-election at the AGM as set out in Appendix 7F of the Catalist Rules is disclosed below:

Name of Director	Lee Chee Seng ("Mr Lee")	Wang Gang ("Mr Wang")	Gao Guoan ("Mr Gao")
Date of Appointment	30 November 2004	1 February 2018	26 April 2013
Date of last re-appointment (if applicable)	25 April 2019	25 April 2019	23 June 2020
Age	59	47	80
Country of principal residence	Singapore	PRC	PRC
The Board's Comments on the appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lee as the Non-Executive and Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Wang as the Non-Executive and Non-Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Gao as the Non-Executive and Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive, Mr Lee responsible for corporate finance and strategic planning for the Group.	Non-Executive	Non-Executive
Job title (e.g. Lead ID, AC Chairman, AC Member etc)	None	Non-Executive and Non-Independent Director	Non-Executive and Independent Director and NC Chairman
Professional Qualifications	Bachelor of Civil Engineering	Bachelor of Accounting	Nil

Name of Director	Lee Chee Seng (“Mr Lee”)	Wang Gang (“Mr Wang”)	Gao Guoan (“Mr Gao”)
Working experience and occupation(s) during the past 10 years	November 2004 to present: Executive Director of Jiutian Chemical Group Limited.	July 2021 to present: Deputy General Manager of Financial Business Department of Henan Energy and Chemical Industry Group Co., Limited. December 2016 to June 2021: Chief Financial Officer of Anyang Chemical Industry Group Co., Ltd. December 2012 to December 2016: Department Head of Finance of Henan Province Gas (Group) Co., Ltd May 2009 to December 2012: Deputy Department Head of Finance of Yongcheng Coal and Electricity Group Co., Ltd.	December 2008 to February 2015: Independent Director of Zhengzhou Coal Mining Machinery Group Co., Ltd
Shareholding interest in the listed issuer and its subsidiaries	Direct interest: 11,250,000 (0.566%) Deemed interest: 22,419,000 (1.127%)	None	None
Any relationship (including immediate family relationship) with any existing director, existing executive officer the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None

CORPORATE GOVERNANCE REPORT

Name of Director	Lee Chee Seng ("Mr Lee")	Wang Gang ("Mr Wang")	Gao Guoan ("Mr Gao")
Other principal commitment (including any competing Directorship)	1) Anyang Jiutian Fine Chemical Co., Ltd 2) Anyang Jiulong Chemical Co., Ltd 3) PCG Ventures Pte. Ltd. 4) Anyang Jiujiu Chemical Technology Co., Ltd 5) Zico Capital Sdn. Bhd.	1) Anyang Chemical Industry Group Co., Ltd 2) Anyang Jiulong Chemical Co., Ltd 3) Anyang Jiutian Fine Chemical Co., Ltd 4) Anyang Longyu (HK) Development Co., Ltd	None
Undertaking (in the format set out in Appendix 7H) under Rule 720 (1) has been submitted to the listed issuer	Yes	Yes	Yes
Information required pursuant to Catalist Rules 704 (6) and/or 704(7)			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person	No	No	No

Name of Director	Lee Chee Seng ("Mr Lee")	Wang Gang ("Mr Wang")	Gao Guoan ("Mr Gao")
or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?			
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

Name of Director	Lee Chee Seng ("Mr Lee")	Wang Gang ("Mr Wang")	Gao Guoan ("Mr Gao")
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

Name of Director	Lee Chee Seng (“Mr Lee”)	Wang Gang (“Mr Wang”)	Gao Guoan (“Mr Gao”)
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

Name of Director	Lee Chee Seng (“Mr Lee”)	Wang Gang (“Mr Wang”)	Gao Guoan (“Mr Gao”)
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

In making the recommendations, the NC considered the Directors' overall contribution and performance. Their profiles are shown on pages 14, 15 and 16 of the Annual Report.

All Directors are required to declare their board appointments. The NC has reviewed the time spent and attention given by each Director to the Company's affairs, taking into account the multiple directorships and other principal commitments of each of the Directors (if any), and is satisfied that all Directors have adequately discharged their duties for FY2021.

The Board has not capped the maximum number of listed company board representations each Director may hold. The NC is of the view that the effectiveness of each Director is best assessed by a qualitative assessment of the Director's contributions, after taking into account his other listed company board directorships and other principal commitments, not guided by a numerical limit. The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Key information regarding the Directors of the Company as at the report is disclosed as follows:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments
Han Lianguo	22 March 2019	28 April 2021 (Regulation 91)	Non-Executive and Non-Independent Chairman	1. Nominating Committee	Present Past three years –	Chairman of Anyang Chemical Industry Group Co., Ltd.
Lee Chee Seng	30 November 2004	25 April 2019 (Regulation 91)	Executive Director	–	Present – Past three years –	–
Wang Gang	1 February 2018	25 April 2019 (Regulation 91)	Non-Executive and Non-Independent Director	–	Present – Past three years –	Deputy General Manager of Financial Business Department of Henan Energy and Chemical Industry Group Co., Limited.
Zhang Hongtao	1 February 2018	23 June 2020 (Regulation 91)	Non-Executive and Non-Independent Director	–	Present – Past three years –	Deputy head of Capital Operations of Henan Energy and Chemical Industry Group Co., Limited.
Wu Yu Liang	19 April 2006	28 April 2021 (Regulation 91, Rule 720(5) of the Catalist Rule and Rule 406(3)(d)(iii) of Catalist Rule)	Non-Executive and Lead Independent Director	1. Remuneration Committee (Chairman) 2. Audit Committee	Present 1. Pan Asian Holdings Limited 2. AusGroup Limited Past three years –	Managing Director of Wu LLC

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company	Other Principal Commitments
Chan Kam Loon	19 April 2006	28 April 2021 (Regulation 91, Rule 720(5) of the Catalist Rule and Rule 406(3)(d)(iii) of Catalist Rule)	Non-Executive and Independent Director	1. Audit Committee (Chairman) 2. Remuneration Committee	Present 1. Megachem Limited 2. Uni-Asia Group Ltd. Past three years 1. Sarine Technologies Ltd 2. Hupsteel Limited 3. DLF Holdings Ltd	–
Gao Guoan	26 April 2013	23 June 2020 (Regulation 91)	Non-Executive and Independent Director	1. Nominating Committee (Chairman) 2. Remuneration Committee	Present – Past three years –	–
Chen Mingjin	1 February 2018	28 April 2021 (Regulation 91)	Non-Executive and Independent Director	–	Present – Past three years –	–
Koh Eng Kheng Victor	1 February 2018	28 April 2021 (Regulation 91)	Non-Executive and Independent Director	1. Audit Committee 2. Nominating Committee	Present – Past three years	–

Principle 5 – Board Performance

A review of the performance and effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board are conducted by the NC annually. On the recommendation of the NC, the Board has adopted an internal process for evaluating the effectiveness of the Board as a whole. Each Board member will be required to complete an evaluation form to be returned to the NC Chairman for evaluation. Based on the evaluation results, the NC Chairman will present his recommendations to the Board. The key objective of the evaluation exercise is to obtain constructive feedback on the various aspects of the Board's performance from each Director to continually improve the Board's performance and assess the overall effectiveness of the Board.

The NC had decided on the evaluation form for the Board's performance and the objective performance criteria. Such performance criteria allow the comparison with industry peers which are required to be approved by the Board in order to enhance the shareholders' value in long term. The NC did not propose any changes to the performance criteria for FY2021 as compared to the previous financial year as the Board composition and the Group's principal business activities remained the same.

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The NC will at the relevant time look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of Board Committees. The NC is of the view that the Board is able to exercise objective judgement on corporate affairs independently and no individual or small group of individuals dominates the Board's decision making process. In addition, the evaluation exercise also assists the NC in determining whether to re-nominate Directors who are resigning or in appointing new directors in order to improve the performance and contributions of the Board.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

The Board has not engaged any external facilitator in conducting the assessment of the Board's performance. The Board has met its performance objectives in FY2021.

Management provides the Board with key information that is complete, adequate and timely, pertaining to areas such as budget forecast, funding positions and cash flow projections of the Group to help them carry out their responsibilities effectively. The following tabulates the information provided and the frequency in FY2021:

	Information	**Frequency**
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly
2.	Updates to the Group's operations and the markets in which the Group operates in	Quarterly
3.	Budgets and/or forecasts (with variance analysis) and management accounts (with financial ratios analysis)	Monthly
4.	Reports on on-going or planned corporate actions	Quarterly
5.	Enterprise risk framework and internal auditors' ("**IA**") report(s)	Quarterly
6.	Research report(s)	Quarterly
7.	Shareholding statistics	Quarterly
8.	Regulatory updates and implications	Quarterly
9.	Significant project updates	Quarterly
10.	Independent auditor's report(s)	Annually

Management will also on best endeavours, encrypt documents which bear material price sensitive information when circulating documents electronically.

All Board members are provided with the contact details of senior management personnel in order to facilitate separate and independent access to these personnel, when required.

REMUNERATION MATTERS

Principle 6 – Procedures for Developing Remuneration Policies

Remuneration Committee

In FY2021, the RC comprises the following three (3) members, all of whom are independent:

Wu Yu Liang	(RC Chairman, ID)
Chan Kam Loon	(Member, ID)
Gao Guoan	(Member, ID)

The RC has written terms of reference that describe the responsibilities of its members. The duties of the RC, among others, are as follows:

(a) recommend to the Board a framework of remuneration for the Board and determine the specific remuneration package for each ED and the key management personnel of the Company, if he is not an ED;

(b) consider whether Directors and key management personnel should be eligible for benefits under long-term incentive schemes; and

(c) recommend to the Board the fees of Non-Executive Directors.

In preparation for the extent of termination of executive directors' and key management personnel's contract of service, the RC reviews such contracts of services and institutes safeguards for fair and reasonable termination clauses which are not overly generous.

The Company did not appoint an external remuneration consultant during the financial year.

The Directors did not participate in any decision concerning their own remuneration.

Principle 7 – Level and Mix of Remuneration

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel and determines specific remuneration packages for each Executive Director. The recommendations of the RC on the remuneration of Directors would be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be reviewed by the RC to ensure that they are fair.

In its review, the RC's objective is to establish and maintain a level of remuneration that is in alignment with the long-term interest and risk policies of the Company to ensure that it is competitive to attract, retain and motivate the Directors and key management personnel to run the Company successfully. The framework of remuneration policies for its Directors and key executives is largely guided by the financial performance of the Company as well as prevailing market conditions. The RC also ensures that the remuneration policies and systems of the Group support the Group's objectives and strategies.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Director and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Director and key management personnel, "claw back" provisions in the service agreements may not be relevant or appropriate.

For the remuneration packages of Non-Executive Directors, the effort, time spent, and responsibilities of the Non-Executive Directors are taken into account. None of Non-Executive Directors decides his own remuneration. Directors' fees to be paid to Directors are subject to the approval of shareholders at the forthcoming AGM.

The Company has no share-based compensation schemes or any long-term scheme involving the offer of shares or option in places.

Principle 8 – Disclosure on Remuneration

In setting the remuneration packages of the ED, the Company makes a comparative study of the packages of ED in comparable industries and takes into account the performance of the Company.

Non-Executive Directors are paid a basic fee. The chairman of each of Board Committee is compensated for his additional responsibilities. Such fees are approved by the shareholders of the Company at the annual general meetings of the Company.

During FY2021, NENID (Mr Han Lianguo, Mr Zhang Hongtao and Mr Wang Gang) are the nominee directors for HNEC were not paid any remuneration.

During the financial year, the RC met once to review and recommend the remuneration of the ED, NENIDs and IDs. The RC had recommended the directors' fee for the IDs of S$190,000 for FY2021 to be paid quarterly in arrears.

The aggregate amount of the retirement and post-employment benefits to the Directors, the Acting CEO and top 5 key management personnel (who are not directors or Acting CEO) is approximately S$92,632. Details of the said benefits can be found on page 81 and 88 of the Annual Report.

The remuneration band of the Directors and key management personnel for FY2021 and the various components of their remuneration in percentage terms are set out below in compliance with the recommendation of the Code. The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2021. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary, fixed allowance and annual wage supplement. The variable compensation is determined based on the level of achievement of corporate and individual performance objectives.

For FY2021, the details of the annual remuneration of the Directors and top 5 key management personnel are as follows:

	Fees %	Salary %	Bonus %	Other Benefits %	Total %
EXECUTIVE DIRECTOR					
S$250,000 – S$500,000					
Lee Chee Seng	–	55%	37%	8%	100%
NON-EXECUTIVE DIRECTORS					
Below S$250,000					
Han Lianguo	–	–	–	–	–
Zhang Hongtao	–	–	–	–	–
Wang Gang	–	–	–	–	–
INDEPENDENT DIRECTORS					
Below S$250,000					
Chan Kam Loon	100%	–	–	–	100%
Wu Yu Liang	100%	–	–	–	100%
Gao Guoan	100%	–	–	–	100%
Chen Mingjin	100%	–	–	–	100%
Koh Eng Kheng Victor	100%	–	–	–	100%
KEY MANAGEMENT PERSONNEL					
Below S$250,000					
Wei Hongguang	–	86%	–	14%	100%
Ng Han Kiat	–	54%	36%	10%	100%
Zong Hu	–	86%	–	14%	100%
Chen Yiquan	–	86%	–	14%	100%
He Qingwu	–	86%	–	14%	100%

Due to a highly competitive environment where industry poaching of executives is commonplace, and for confidentiality reasons, the Company is therefore not disclosing the exact remuneration of Directors and key management personnel. The Company is instead disclosing the remuneration in bands of S$250,000.

For FY2021 the aggregate amount of the remuneration paid to the top 5 key management personnel is approximately S$465,000.

There is no employee of the Group who is substantial shareholder of the Company or an immediate family member of the Director, the Acting CEO or a substantial shareholder of the Company whose remuneration exceeded S$100,000 in FY2021.

The Company does not adopt any Employee Share Options or Share Schemes.

The remuneration received by the Executive Directors and key management personnel takes into consideration his performance and contribution towards the overall performance of the Group for FY2021. Their remuneration was made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and fixed allowances. The variable compensation is determined based on the level of achievement of individual performance objectives.

The following performance conditions are used by the Group to remain competitive and to motivate the Executive Director and key management personnel to work in alignment with the goals of all stakeholders:

1. Financial performance of the Group
2. Leadership
3. People development
4. Commitment

The RC has reviewed and is satisfied that the qualitative and quantitative performance conditions of the key management personnel and Executive Director were met for FY2021.

ACCOUNTABILITY AND AUDIT

Principle 9 – Risk Management and Internal Controls

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interest and the Group's assets and to manage risk. The Group maintains a system of internal controls for all companies within the Group, but recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets. The Board regularly reviews the effectiveness of all internal controls including operational controls. The role of risk management has been delegated to the AC.

Risk Management

The AC assisted the Board to review the adequacy and effectiveness of the Company's risk management and internal audit function annually based on the report of the internal and independent auditors. The Company had engaged Crowe Horwath First Trust Risk Advisory Pte Ltd to perform a review on its internal controls and enterprise risk management (the "Reviews"). During the financial year, the AC had reviewed and based on the internal auditors' reports of the Reviews, internal controls and risk management system established and maintained by the Group, work performed by independent auditors and reviews performed by Management, the Board with the concurrence of the AC is of the opinion that the Company's internal controls (including financial, operational, compliance, information technology) and risk management are adequate and effective for FY2021.

The independent auditor has, during their audit, carried out a review of the effectiveness of key internal controls within the audit scope. Material non-compliance and internal control weaknesses noted during the audit and their accompanying recommendations are reported to the AC. It was noted that there were no systemic issues to be highlighted. The AC has reviewed the internal auditor and independent auditor's comments and findings to ensure that there are adequate internal controls in the Group and follow up on actions required to be implemented before the next audit review.

In line with the Code, the Board has received assurance from the Acting CEO and the Group Financial Controller that the financial records as at 31 December 2021 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances. The Board has also received assurance from the Acting CEO and Group Financial Controller that the Group's risk management and internal control systems are adequate and effective.

Principle 10 – Audit Committee

In FY2021, the AC comprises the following three (3) members, all of whom are independent:

Chan Kam Loon	(AC Chairman, ID)
Wu Yu Liang	(Member, ID)
Koh Eng Kheng Victor	(Member, ID)

The AC has written terms of reference that describe the responsibilities of its members. The AC meets at least four (4) times a year to perform the following main functions:

(a) to review with the independent auditors their audit plan, their evaluation of the system of internal accounting controls relevant to their statutory audit and their report on the financial statements;

(b) reviewing the assurance from the CEO and CFO (or their equivalents) on the financial records and financial statements;

(c) to review quarterly and full year financial statements of the Company and of the Group, including announcements in relation thereto before their recommendation to the Board of Directors for approval to be released to SGX-ST;

(d) to review the assistance given by management to the independent auditors;

(e) to review any significant unresolved differences between the independent auditors, internal auditors and management;

(f) to review the scope and results of the audit and its cost effectiveness. The independence of independent auditors should be reviewed annually;

(g) to review annually the nature and extent of non-audit services (where these are substantial) provided by the independent auditors to the Company to ensure that these are provided objectively;

(h) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(i) to consider the appointment/re-appointment and removal of the independent auditors, the remuneration, terms of engagement and matters relating to the resignation or dismissal of the independent auditors for the purpose of making recommendations to the Board;

(j) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or suspected infringement of any law, rule and regulation (whether of Singapore or elsewhere) which has or is likely to have a material impact on the Groups and the Company's operating results and/or financial position, and management's response;

(k) to review the adequacy and effectiveness of the Group's and the Company's internal controls, including financial, operational, compliance, information technology controls and risk management policies and systems established by the management at least once a year;

(l) to review Whistle-Blowing Policy and to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow up action;

(m) to review the adequacy, independence, scope, results and cost-effectiveness of internal audit procedures as well as the effectiveness of the Group's and Company's internal audit function;

(n) to review interested person transactions periodically to ensure that they comply with the internal control procedures;

(o) to undertake such other reviews and projects as may be requested by the Board of Directors; and

(p) to undertake such other functions and duties as may be required by the Catalist Rules or by law, and by such amendments made thereto from time to time.

The AC has full access to, and cooperation from the Management including the independent auditors, and has full discretion to invite any director and executive officer to attend its meetings. The AC also has power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The Board considers Mr Chan Kam Loon, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Wu Yu Liang is legally trained and he has attended the training of accounting and financial management and Mr Koh Eng Kheng Victor is also trained in accounting and financial management.

The members of the AC collectively have over 10 combined years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.

During the financial year, AC met once with the internal auditors and independent auditors, without the presence of the management to discuss, amongst others, audit finding and evaluations of the Group's internal controls.

The AC had reviewed the scope and quality of audit by the independent auditors and the independence and objectivity of the independent auditors as well as the cost effectiveness, and is satisfied that the nature and extent of such services would not prejudice the independence of the independent auditors. The AC will report to the Board of Directors immediately if there is any significant issues have been found by Independent Auditors while performing the audit review of the Company's year end financial statements. Meantime, the AC will provide the financial updates and recommendation for Board of Director for improvement the quality of financial statements of the Company. The AC also reviewed the audit fees paid to the independent auditors. The audit fees for the Group and its associated companies for the financial year ended 31 December 2021 was S$300,000. The independent auditors did not render any non-audit services to the Group during the financial year.

No former Partner or Director of the Company's existing auditing firm or auditing corporation has acted as a member of the Company's AC: (a) within a period of two years commencing on the date of his/her ceasing to be a Partner of the auditing firm or Director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest auditing firm or auditing corporation.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its independent auditors, as the subsidiary and associated companies of the Company were audited by Baker Tilly China Certified Public Accountants (an independent member firm of the Baker Tilly International network) for the purpose of preparation of the consolidated financial statements of the Group.

The AC is also satisfied that the independent auditors, Baker Tilly TFW LLP is able to meet the audit obligations of the Company and is pleased to recommend to the Board, the nomination of Baker Tilly TFW LLP for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

The independent auditor provides regular updates and briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

Internal Audit

The Board recognises the importance of the internal audit function which, being independent of Management is one of the principal means by which the AC is able to carry out its responsibilities effectively. The internal audit function is currently outsourced to Crowe Horwath First Trust Risk Advisory Pte Ltd ("**Crowe Horwath**") as the internal auditors of the Group. Crowe Horwath primarily reports to the AC.

The internal auditors' carrying out of their function is in accordance to the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC ensures that management provides good support to the internal auditors and provides them with access to documents, records, properties and personnel when requested in order for the internal auditors to carry out their function accordingly.

To ensure the adequacy of the internal audit function, the AC reviews and approves, on an annual basis, the internal audit plans and the resources required to adequately perform this function.

The AC is satisfied that Crowe Horwath is effective, independent and adequately resourced with the relevant qualifications and experience as Crowe Horwath is able to discharge its duties effectively as the internal auditor has the appropriate standing in the Company, given, inter alia, its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC. The AC also satisfied that the internal audit function is stated by suitably qualified and experienced professionals with the relevant experience.

Whistle-Blowing Policy

The Company has developed a Whistle-Blowing policy. This policy provides well-defined and accessible channels in the Group through which whistleblower may raise concerns about improper conduct within the Group. Whistleblowers could email to AC Chairman to ensure independent, thorough investigation and appropriate follow-up. The Whistle-Blowing policy sets out procedures to keep identity of whistleblower confidential as the Company is committed to protect the whistleblower against detrimental or unfair treatment. The AC is responsible for the oversight and monitoring of whistleblowing. There was no Whistle-Blowing report received during the financial year.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11 – Shareholder Rights and Conduct of General Meetings

The reports or circulars of the Company including Notice of general meeting are announced through SGXNET.

All registered shareholders are invited to participate and given the right to vote on resolutions at AGM. Every matter requiring shareholders' approval is proposed as a separate resolution. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of meeting.

Each item of special business included in the notice of the AGM is accompanied, where appropriate, by an explanation for the proposed resolution. Proxy forms are enclosed with the notice of AGM to all shareholders.

The Company's Constitution allow a member of the Company to appoint not more than two (2) proxies to attend and vote on his behalf at general meeting through proxy forms deposited 72 hours before the AGM. However, as the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors, Management, Company Secretary, independent auditors and legal advisors (if necessary), attend the AGM. The procedures of AGM provides shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company. To enhance shareholder participation, the Company will put all resolutions at the AGM to vote by poll and announces the results by showing the number of votes cast for and against each resolution and the respective percentage to the audience at the AGM. The polling results are also announced to the SGX-ST after the meetings.

In view of the current COVID-19 situation, the forthcoming AGM in respect of FY2021 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**"). The Order provides that the alternative arrangements apply to meetings held during the period commencing from 27 March 2020 to 30 September 2020. The extension of the application duration of the Order has been extended beyond 30 June 2021 which provides the listed entities with the option to conduct general meetings by electronic means even where they are permitted under the COVID-19 safe distancing regulations to hold physical meetings, to help minimize physical interactions and COVID-19 transmission risks. Following the issuance of the Regulator's Column on 16 December 2021 ("**16 December 2021 Regulator's Column**") by SGX-ST, the regulatory announcement has been updated 4 February 2022 that issuers require to conduct the general meetings in accordance to the 16 December 2021 Regulator's Column when conducting their general meetings amid the extension of the temporary legislative relief. Such legislation allows entities to hold general meetings via electronic means amid the COVID-19 situation, and will continue to be in force until revoked or amended by the Ministry of Law.

The forthcoming AGM will be held by electronic means, pursuant to the Order and alternative arrangements and 16 December 2021 Regulator's Column and will take into account the online nature of the annual general meeting, further information of which will be set out in the notice of AGM dated 6 April 2022.

The Company Secretary prepares minutes of AGM that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management.These minutes are made available to shareholders on SGXNET within one month.

For FY2021, the Company will publish the minutes of the AGM to be held on 28 April 2022 on SGXNet within one month after the AGM. For FY2021, in accordance with the COVID-19 (Temporary Measures) Act 2020, the Order and 16 December 2021 Regulator's Column, the Company will apply and adopt the alternative arrangements for the convening, holding and conducting of the AGM, as set out in the 16 December 2021 Regulator's Column.

The Company does not have a specific dividend policy. Nonetheless, the Management after reviewing the performance of the Company in the relevant financial year will make appropriate recommendation to the Board.

The Company had declared a tax-exempt (1-tier) interim dividend of SGD0.0035 per share to the shareholders on 3 June 2021 and paid on 18 June 2021. The relevant announcement had been released through SGXNET on 14 May 2021.

The Board has proposed a tax-exempt (1-tier) final dividend of SGD0.0012 for FY2021 (subject to shareholders' approval at the forthcoming AGM of the Company to be convened). Including the proposed tax-exempt final dividend, total dividends of SGD0.0047 the Company had declared for FY2021.

Principle 12 – Engagement with the Shareholders

The AGM of the Company is the principal forum for dialogue and interaction with all shareholders to gather views or inputs, and address shareholders' concern. The Board welcome shareholders to voice their views and ask the Board questions regarding the Company and the Group.

Information is disseminated / made available to shareholders through:

(i) SGXNET announcements and news releases; and

(ii) Annual Reports.

The Company treats all shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights and continually reviews and updates such governance arrangements. The Group strives for timeliness and transparency in its disclosures to the shareholders and the public. The Board provides shareholders with an assessment of the Company's performance, position and prospects on a quarterly basis and other ad hoc announcements as required by the SGX-ST. In addition to the regular dissemination of information through SGXNET, the Company also responds to enquiries from investors, analysts, fund managers and the press. However, the Company does not practise selective disclosure as all price-sensitive information are disclosed in a comprehensive, accurate and timely manner via SGXNET. The Company also communicates through its corporate website at http://www.jiutiianchemical.com.sg which provides shareholders with corporate announcements, press releases, annual reports and profile of the Group.

All shareholders are accorded their rights in accordance with the Companies Act 1967 of Singapore and the Company's Constitution.

The Company currently does not have an investor relations policy but considers advice from its corporate lawyers and professionals on appropriate disclosure requirements before announcing material information to shareholders. The Company will consider the appointment of a professional investor relations officer to manage the function should the need arises.

Shareholders may also provide any feedback they may have about the Company to the Company's email at info@jiutianchemical.com.

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meeting. These meetings provide excellent opportunities for the Company to obtain shareholders' view on value creation.

The Company has been conducting voting by poll. An announcement of the detailed results showing the number of vote cast for and against each resolution and the respective percentages will be made immediately after AGM is concluded.

The Company will review its Constitution from time to time and make such amendments to the Constitution to be in line with the applicable requirements or rules and regulations governing the Continuing Listing obligations of the Catalist Rules. The Company had obtained shareholder's approval for the last amendment on 28 April 2021.

Managing Stakeholders Relationships

Principle 13 – Engagement with Stakeholders

The Company is poised to take a leading role in the environmental, health and safety aspects in order to ensure the sustainability of the operations and fulfil the responsibility of the Company towards the stakeholders. The Company has engaged in constructive dialogue with the stakeholders and focus on the Quality Management, Production Safety, Environmental Protection and Employee Well-being.

The Company also emphasises on the environmentally-friendly industrial operations to keep abreast of related regulatory developments and consequently improving the operations to comply with these changes.

In addition, the Board has considered sustainability issues as part of its strategic formulation. The Board has determined the material environmental, social and governance ("**ESG**") factors and overseen the management in monitoring these material ESG factors.

The Company updates shareholders on its corporate developments through SGXNet announcements and its annual report. All materials presented in general meetings are uploaded on the SGXNet.

For enquires and all other matters, Shareholders and all other parties can contact the Company at info@jiutianchemical.com.

Dealing in Securities

The Board is aware of the guidelines of the corporate disclosure policy and the requirements for continuing disclosure as set out in the Catalist Rules. The Board has the responsibility to ensure that the Directors and employees are prohibited from securities dealings on short-term consideration and while they are in possession of price-sensitive information.

The Company issues regular circulars to its Directors, principal officers and relevant officers who have access to unpublished material price-sensitive information to remind them of the aforementioned prohibition and the requirement to report their dealings in shares of the Company. The Directors and employees are also prohibited from dealing in the securities of the Company during the period commencing two weeks before the announcement of the Company's quarterly updates or half yearly results and one month before the announcement of the Company's full year results and ending on the date of the particular announcement.

Interested Person Transactions ("IPT")

The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs, if any, will be transacted on normal terms and will not be prejudicial to the interests of the Company and its minority shareholders.

In compliance with Rule 920 of the Catalist Rules, the aggregate value of the IPT, including recurrent interested persons transactions of revenue or trading in nature conducted during the financial year ended 31 December 2021 by the Company in accordance with the shareholders' mandate approved by shareholder on 28 April 2021 are as follows:

Name of interested person/ Nature of relationship	**Aggregate value of all interested person transactions during the financial period 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)**
	FY2021	**FY2021**
HNEC	Security Deposit RMB5 million	–
Anyang Chemical Industry Group Co., Ltd ("Anhua")[(1)]	Security and fire protection service fees RMB4.82 million	Sales of Repair Material, industrial steams and electricity RMB38.37 million
	Waste disposal fees RMB1.31 million	Purchase of Raw Materials I and II RMB150.76 million
	Transportation fees RMB2.93 million	Purchase of Repair Materials RMB4.13 million
		Rental income of equipment RMB1.12 million
		Rental expense of equipment RMB12.80 million

Name of interested person/ Nature of relationship	Aggregate value of all interested person transactions during the financial period 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)
	FY2021	**FY2021**
Anyang Jiulong Chemical Co., Ltd[(2)]	Nil	Sale of Dimethylamine RMB81.79 million
		Purchase of Raw Materials I and II RMB316.28 million
		Rental of equipment RMB0.69 million
		Sales of Repair Materials RMB3.16 million
		Advance payment for purchase of electricity and industrial steam RMB56.82 million
Anyang Jiujiu Chemical Technology Co., Ltd[(3)]	Advances given for working capital purposes RMB5.46 million	Nil
Total	RMB19.52 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 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.

The advanced payments to 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 2022, Anyang Jiulong had delivered 76% respectively of the raw materials against the advance payments.

(3) 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.

Pursuant to Rule 916(3) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, 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

Disclosure in relation to Catalist Rule 905

Since FY2015, bank borrowings of Anyang Jiutian amounting to RMB20 million was guaranteed by a HNEC and in return, a security deposit of RMB3 million was pledged to HNEC for the aforementioned corporate guarantee provided.

During FY2021, upon the full repayment by Anyang Jiutian of the RMB20 million bank borrowings, HNEC continued to provide the corporate guarantee to secure Anyang Jiutian's bills payable facility within the same bank. In addition, the corporate guarantee provided by HNEC was up to the available credit limit of RMB50 million for Anyang Jiutian's bills payables facility. In return for the higher amount of corporate guarantee granted by HNEC, Anyang Jiutian was required to top up the security deposit provided to HNEC by RMB2 million. In aggregate, the RMB5 million security deposit provided to HNEC will be fully refunded to Anyang Jiutian upon the cancellation of the bills payable facility and full repayment of all outstanding balances of the bills payable facility. For details, please refer to note 13 of the Condensed Interim Consolidated Financial Statements.

During FY2021, the aggregate value of interested person transactions with HNEC and its associates, not conducted under shareholders' mandate pursuant to Rule 920, amounted to RMB19.52 million and exceeded 3% of the FY2020 Group's audited net tangible asset ("NTA") by 0.7%.

The Audit Committee has considered the changes to the terms of foregoing Anyang Jiutian's credit facility and noted the incremental amount at risk to the Company of RMB2 million which constituted 0.4% of the FY2020 Group's audited NTA, and is of the view that the transaction are on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

Save as disclosed above, there are no other IPTs of S$ 100,000 and above in FY2021.

Material Contracts

Save as disclosed in the IPT section above and note 12 and 20 of the financial statement, there were no material contracts entered into by the Group involving the interests of the Chief Executive Officer, Directors or controlling shareholders, which are either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

Sustainability Report

The Company is working towards the issuance of its sustainability report by 31 May 2022 and such report will be made available to shareholders on the SGXNET.

Such report will highlight the key economic, environmental, social and governance (ESG) factors, such as quality management, production safety, environmental protection, employee well-being.

Non-sponsor fees

For FY2021, the Company paid to its sponsor, PrimePartners Corporate Finance Pte. Ltd. non sponsor fees of S$5,000.

Use of Net Proceeds

As at the date of this annual report, the utilisation of the net proceeds of S$9.97 million raised from the Placement that was completed on 27 October 2020 is as follows:

Purpose	Amount allocated (S$'000)	Net proceeds utilised (S$'000)	Balance unutilised (S$'000)
Working Capital			
Wages and staff related cost	–	1,075	–
Directors' fee	–	369	–
Office rental	–	131	–
Professional fees	–	206	–
Other office expenses	–	110	–
Total	9,967	1,891	8,076

The use of proceeds is consistent with the Company's proposed use of funds as set out in the announcement dated 19 October 2020.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited consolidated financial statements of Jiutian Chemical Group Limited (the "Company") and its subsidiary corporations (the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

Opinion of the directors

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 62 to 126 are properly drawn up so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Han Lianguo
Lee Chee Seng
Wu Yu Liang
Chan Kam Loon
Gao Guoan
Wang Gang
Zhang Hongtao
Chen Mingjin
Koh Eng Kheng Victor

Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act except as follows:

	Number of ordinary shares			
	Shareholdings registered in the name of the director		Shareholdings in which a director is deemed to have an interest	
Name of directors and company in which interest are held	**At 1.1.2021**	**At 31.12.2021**	**At 1.1.2021**	**At 31.12.2021**
The Company				
Lee Chee Seng	11,250,000	11,250,000	44,419,000	22,419,000
Wu Yu Liang	300,000	300,000	–	–

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

Share options

No option to take up unissued shares of the Company or its subsidiary corporations was granted during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are:

Chan Kam Loon (Chairman)	(Non-Executive and Independent Director)
Koh Eng Kheng Victor	(Non-Executive and Independent Director)
Wu Yu Liang	(Non-Executive and Independent Director)

The AC has written terms of reference that describe the responsibilities of its members. The AC meets at least four (4) times a year to perform the following main functions:

(a) to review with the independent auditors their audit plan, their evaluation of the system of internal accounting controls relevant to their statutory audit and their report on the financial statements;

(b) to review the assurance from the CEO and CFO (or their equivalents) on the financial records and financial statements;

(c) to review quarterly and full year financial statements of the Company and of the Group, including announcements in relation thereto before their recommendation to the Board of Directors for approval to be released to Singapore Exchange Securities Trading Limited ("SGX-ST");

(d) to review the assistance given by management to the independent auditors;

(e) to review any significant unresolved differences between the independent auditors, internal auditors and management;

(f) to review the scope and results of the audit and its cost effectiveness. The independence of independent auditors should be reviewed annually;

(g) to review annually the nature and extent of non-audit services (where these are substantial) provided by the independent auditors to the Company to ensure that these are provided objectively;

(h) to review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;

(i) to consider the appointment/re-appointment and removal of the independent auditors, the remuneration, terms of engagement and matters relating to the resignation or dismissal of the independent auditors for the purpose of making recommendations to the Board of Directors;

(j) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or suspected infringement of any law, rule and regulation (whether of Singapore or elsewhere) which has or is likely to have a material impact on the Group's and the Company's operating results and/or financial position, and management's response;

(k) to review the adequacy and effectiveness of the Group's and the Company's internal controls, including financial, operational, compliance, information technology controls and risk management policies and systems established by the management at least once a year;

Audit Committee (cont'd)

(l) to review Whistle-Blowing Policy and to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow up action;

(m) to review the adequacy, independence, scope, results and cost-effectiveness of internal audit procedures as well as the effectiveness of the Group's and Company's internal audit function;

(n) to review interested person transactions periodically to ensure that they comply with the internal control procedures;

(o) to undertake such other reviews and projects as may be requested by the Board of Directors; and

(p) to undertake such other functions and duties as may be required by the SGX-ST Listing Manual Section B: Rule of Catalist ("Catalist Rules") or by law, and by such amendments made thereto from time to time.

The AC has full access to, and cooperation from the Management including the independent auditors, and has full discretion to invite any director and executive officer to attend its meetings. The AC also has power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense.

The Board of Directors considers Mr Chan Kam Loon, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC. Mr Wu Yu Liang is legally trained and he has attended the training of accounting and financial management and Mr Koh Eng Kheng Victor is also trained in accounting and financial management.

The members of the AC collectively have over 10 combined years of strong accounting and related financial management expertise and experience and are appropriately qualified to discharge their responsibilities.

During the financial year, the AC had met once with the internal auditors and independent auditors, without the presence of the management to discuss, amongst others, audit finding and evaluations of the Group's internal controls.

The AC had reviewed the scope and quality of audit by the independent auditors and the independence and objectivity of the independent auditors as well as the cost effectiveness, and is satisfied that the nature and extent of such services would not prejudice the independence of the independent auditors. The AC also reviewed the audit fees paid to the independent auditors. The audit fees for the Group and its associated companies for the financial year ended 31 December 2021 is S$300,000 (2020: S$300,000). The independent auditors did not render any non-audit services to the Group during the financial year.

No former Partner or Director of the Company's existing auditing firm or auditing corporation has acted as a member of the Company's AC: (a) within a period of two years commencing on the date of his/her ceasing to be a Partner of the auditing firm or Director of the auditing corporation; and in any case (b) for as long as he/she has any financial interest auditing firm or auditing corporation.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in relation to its independent auditors, as the subsidiary and associated companies of the Company were audited by Baker Tilly China Certified Public Accountants (an independent member firm of the Baker Tilly International network) for the purpose of preparation of the consolidated financial statements of the Group.

Audit Committee (cont'd)

The AC is satisfied with the independence and objectivity of the independent auditors, and has recommended to the Board that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Han Lianguo Director	Wang Gang Director

5 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Jiutian Chemical Group Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jiutian Chemical Group Limited (the "Company") and its subsidiary companies (the "Group") as set out on pages 62 to 126, which comprise the statements of financial position of the Group and the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matter (cont'd)

Amount due from associated company

Description of key audit matter:

As disclosed in Note 12 to the financial statements, the carrying amount of RMB30,463,000 (2020: RMB145,000,000) of amount due from associated company, Anyang Jiujiu Chemical Technology Co. Ltd ("Anyang Jiujiu") constituted 2% (2020: 10%) of the Group's total assets as at 31 December 2021. A loss allowance of RMB120,000,000 (2020: RMB4,577,000) was recognised during the current financial year.

The impairment assessment of the amount due from associated company is considered a key audit matter as the receivable forms a material portion of the Group's assets and any impairment of the amount due from associated company will have a significant impact on the Group's financial results.

The Group had previously entered into an arrangement with Anyang Jiujiu's intermediate holding company, Anyang Chemical Industry Group Co. Ltd ("Anhua") for the settlement of the amount due from associated company as disclosed in Note 12 to the financial statements. On 1 November 2021, the Group announced that Anhua is undergoing an asset and debt restructuring exercise and the Group subsequently entered into an arrangement on 31 December 2021 with Anyang Jiujiu to pledge a portion of its property, plant and equipment as security collateral (the "Arrangement") to secure the amount due to the Group.

Management has performed an expected credit loss assessment of the amount due from associated company using the expected credit loss model. In determining the credit loss allowance, management evaluated the financial background and credit risk of the associated company, the fair value of the security collateral as part of the Arrangement with Anyang Jiujiu, as well as the timing of expected cash flows for recovery of the receivable. Management has engaged an independent firm of professional valuers to determine the fair value of the property, plant and equipment as at 31 December 2021.

Component auditor's and our procedures to address the key audit matter:

We have obtained an understanding of management's impairment assessment of amount due from associated company. We assessed the reasonableness of management's judgement and assumptions applied in its credit loss assessment. We evaluated the objectivity, competency and capability of the independent firm of professional valuers. We assessed the appropriateness of the valuation methodology and reviewed the reasonableness of the key inputs and assumptions applied by evaluating the underlying data in deriving the fair value of the property, plant and equipment which a portion was pledged to the Group as security collateral. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

Report on the Audit of the Financial Statements (cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

To the Members of Jiutian Chemical Group Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ong Kian Guan.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

		Group	
		2021	2020
	Note	**RMB'000**	RMB'000
Revenue	4	**2,173,310**	1,146,253
Cost of sales		**(1,497,689)**	(871,483)
Gross profit		**675,621**	274,770
Other income			
- Interest income from deposits with banks		**5,098**	3,614
- Others	5	**1,054**	3,891
Distribution costs		**(17,758)**	(14,016)
Administrative expenses		**(41,128)**	(21,573)
Other income	6	**8,055**	17,261
Impairment loss on financial assets	29(b)	**(126,155)**	(4,577)
Finance costs	6	**(5,082)**	(7,447)
Share of results of associated companies		**(14,559)**	(9,491)
Profit before tax	7	**485,146**	242,432
Tax expense	9	**(160,658)**	(69,314)
Profit and total comprehensive income for the financial year		**324,488**	173,118
Profit and total comprehensive income for the financial year attributable to:			
Equity holders of the Company		**324,901**	173,685
Non-controlling interests		**(413)**	(567)
		324,488	173,118
Earnings per share for profit for the financial year attributable to equity holders of the Company (in RMB cents per share)			
Basic and diluted	10	**16.34**	9.39

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

		Group		Company	
		2021	2020	**2021**	2020
	Note	**RMB'000**	RMB'000	**RMB'000**	RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	11	**922,134**	454,053	**51,550**	48,889
Trade and other receivables	12	**614,489**	665,146	**280**	288
Inventories	13	**61,121**	38,937	**–**	–
Total current assets		**1,597,744**	1,158,136	**51,830**	49,177
Non-current assets					
Property, plant and equipment	14	**197,641**	209,481	**172**	308
Land use rights	15	**2,692**	3,337	**–**	–
Investment in subsidiary companies	16	**–**	–	**257,736**	257,736
Investment in associated companies	17	**62,258**	62,258	**62,258**	62,258
Other receivables	12	**30,463**	–	**–**	–
Deferred tax assets	18	**1,230**	1,608	**–**	–
Total non-current assets		**294,284**	276,684	**320,166**	320,302
Total assets		**1,892,028**	1,434,820	**371,996**	369,479
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	19	**178,241**	344,299	**–**	–
Trade and other payables	20	**668,319**	502,645	**2,120**	544
Contract liabilities	21	**41,834**	22,549	**–**	–
Income tax payables		**131,001**	37,350	**–**	–
Total current liabilities		**1,019,395**	906,843	**2,120**	544
Non-current liabilities					
Amount due to a subsidiary	22	**–**	–	**–**	11,374
Bank borrowings	19	**49,940**	–	**–**	–
Deferred income	23	**2,000**	2,000	**–**	–
Deferred tax liabilities	18	**6,750**	3,090	**–**	–
		58,690	5,090	**–**	11,374
Total liabilities		**1,078,085**	911,933	**2,120**	11,918

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

	Note	Group 2021 RMB'000	Group 2020 RMB'000	Company 2021 RMB'000	Company 2020 RMB'000
Capital and reserves					
Share capital	24	**709,977**	709,977	**709,977**	709,977
Retained earnings/ (accumulated losses)		**58,089**	(198,971)	**(340,101)**	(352,416)
Statutory reserve fund	25	**48,142**	13,733	**–**	–
Equity attributable to equity holders of the Company		**816,208**	524,739	**369,876**	357,561
Non-controlling interests	16	**(2,265)**	(1,852)	**–**	–
Total equity		**813,943**	522,887	**369,876**	357,561
Total liabilities and equity		**1,892,028**	1,434,820	**371,996**	369,479

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Note	Share capital	(Accumulated losses)/ retained earnings	Statutory 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
Group							
Balance at 1 January 2020		661,153	(358,923)	–	302,230	(1,285)	300,945
Issue of shares	24	49,002	–	–	49,002	–	49,002
Share issue expenses	24	(178)	–	–	(178)	–	(178)
Profit and total comprehensive income for the financial year		–	173,685	–	173,685	(567)	173,118
Transfer to statutory reserve fund	25	–	(13,733)	13,733	–	–	–
Balance at 31 December 2020		709,977	(198,971)	13,733	524,739	(1,852)	522,887
Profit and total comprehensive income for the financial year		–	324,901	–	324,901	(413)	324,488
Dividend	26	–	(33,432)	–	(33,432)	–	(33,432)
Transfer to statutory reserve fund	25	–	(34,409)	34,409	–	–	–
Balance at 31 December 2021		**709,977**	**58,089**	**48,142**	**816,208**	**(2,265)**	**813,943**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Note	Share capital RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Company				
Balance at 1 January 2020		661,153	(341,731)	319,422
Issue of shares	24	49,002	–	49,002
Share issue expenses	24	(178)	–	(178)
Loss and total comprehensive loss for the financial year		–	(10,685)	(10,685)
Balance at 31 December 2020		709,977	(352,416)	357,561
Profit and total comprehensive income for the financial year		–	45,747	45,747
Dividend	26	–	(33,432)	(33,432)
Balance at 31 December 2021		**709,977**	**(340,101)**	**369,876**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

		Group	
		2021	2020
	Note	**RMB'000**	RMB'000
Cash flows from operating activities			
Profit before tax		**485,146**	242,432
Adjustments for:			
Amortisation of deferred income		**–**	(64)
Amortisation of land use rights		**645**	643
Depreciation of property, plant and equipment		**28,334**	25,830
Impairment loss on financial assets		**126,155**	4,577
Interest expense		**3,666**	5,753
Interest income		**(5,098)**	(3,614)
Bank charges		**1,416**	1,694
Net gain on disposal of property, plant and equipment		**(48)**	–
Property, plant and equipment written off		**3,259**	4,799
Share of results of associated companies		**14,559**	9,491
Reversal of impairment loss on investment in associated companies		**(14,559)**	–
Reversal of impairment loss on property, plant and equipment		**–**	(23,000)
Unrealised loss on foreign exchange		**3,136**	670
Operating cash flows before movements in working capital		**646,611**	269,211
Changes in operating assets and liabilities:			
Inventories		**(22,184)**	(14,962)
Receivables		**(98,516)**	(189,707)
Payables and contract liabilities		**187,774**	84,342
Cash generated from operations		**713,685**	148,884
Interest received		**5,098**	3,614
Income tax paid		**(62,969)**	(23,478)
Net cash generated from operating activities		**655,814**	129,020
Cash flows from investing activities			
Purchases of property, plant and equipment	A	**(22,272)**	(6,325)
Proceeds from disposal of property, plant and equipment		**60**	–
Advances to associated company		**(8,374)**	(9,080)
Repayment from associated company		**2,911**	4,503
Net cash used in investing activities		**(27,675)**	(10,902)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	Group 2021 RMB'000	Group 2020 RMB'000
Cash flows from financing activities			
Drawdown of bank borrowings		**59,940**	110,000
Repayment of bank borrowings		**(110,000)**	(120,000)
Dividend paid		**(33,432)**	–
Repayment of amount due to related party		**–**	(5,697)
Decrease in pledged fixed deposits		**45,742**	69,789
Decrease in bills payables to banks		**(66,058)**	(89,799)
Deposit paid to secure bank borrowings		**(2,000)**	–
Proceeds from issuance of ordinary shares		**–**	49,002
Share issue expense		**–**	(178)
Interest paid		**(3,666)**	(5,753)
Financing bank charges paid		**(1,416)**	(1,694)
Net cash (used in)/generated from financing activities		**(110,890)**	5,670
Net increase in cash and cash equivalents		**517,249**	123,788
Cash and cash equivalents at beginning of the financial year		**259,727**	136,727
Effect of exchange rate changes on cash and cash equivalents		**(3,426)**	(788)
Cash and cash equivalents at end of the financial year	11	**773,550**	259,727

Note A:

Purchases of property, plant and equipment ("PPE")

	Note	2021 RMB'000	2020 RMB'000
Aggregate cost of PPE acquired	14	**19,765**	8,677
Add: Outstanding payables at 1 January	20	**32,886**	30,534
Less: Outstanding payables at 31 December	20	**(30,379)**	(32,886)
Net cash outflow for purchases of PPE		**22,272**	6,325

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 Corporate information

The Company (Co. Reg. No. 200415416H) is incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company are located at 80 Robinson Road, #02-00, Singapore 068898 and 350 Orchard Road #21-03 Shaw House, Singapore 238868, respectively. The principal place of business of the Group is located at Zhangwu Street, Long An District, Anyang City, Henan Province, the People's Republic of China ("PRC").

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are disclosed in Note 16.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements are presented in Chinese Renminbi ("RMB"), which is the Company functional currency and all financial information presented in RMB have been rounded to the nearest thousand (RMB'000), unless otherwise stated. The financial statements have been prepared in accordance with the provisions of the Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and current bank borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2 Summary of significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

New and revised standards not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

b) Subsidiary companies

Subsidiary companies are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's statement of financial position, investment in subsidiary companies are accounted for at cost less accumulated impairment losses, if any. On disposal of investment in subsidiary company, the difference between disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies at the end of the reporting period. Subsidiary companies are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

2 Summary of significant accounting policies (cont'd)

c) Basis of consolidation (cont'd)

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary company. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. Goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2(e). In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary company attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary company, even if this results in the non-controlling interests having a deficit balance.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on an acquisition-by-acquisition basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

2 Summary of significant accounting policies (cont'd)

c) Basis of consolidation (cont'd)

When a change in the Company's ownership interest in subsidiary company results in a loss of control over the subsidiary company, the assets and liabilities of the subsidiary company including any goodwill, non-controlling interest and other components of equity related to the subsidiary company are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary company is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

Consolidation of the subsidiary companies in PRC are based on the subsidiary companies' financial statements prepared in accordance with SFRS(I). Profits reflected in the financial statements prepared in accordance with SFRS(I) may differ from those reflected in the PRC statutory financial statements of the subsidiary companies, prepared for PRC reporting purposes. In accordance with the relevant laws and regulations, profits available for distribution by the PRC subsidiary companies are based on the amounts stated in the PRC statutory financial statements.

d) Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investment in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

2 Summary of significant accounting policies (cont'd)

d) Associated companies (cont'd)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associated company of the Group, unrealised gains and losses are eliminated to the extent of the Group's interest in the relevant associated company. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

Upon loss of significant influence over the associated company, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associated company upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

If the Group's ownership interest in an associated company is reduced, but the Group continues to apply the equity method, the Group shall reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

In the Company's statement of financial position, investment in associated companies are carried at cost less accumulated impairment losses. On disposal of investment in associated company, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

e) Goodwill

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of subsidiary company and associated company, the attributable amount of goodwill is included in the determination of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associated company is described in Note 2(d).

2 Summary of significant accounting policies (cont'd)

f) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

Depreciation is calculated on a straight-line method to allocate the depreciable amounts of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold buildings	15 to 40 years (over the terms of lease)
Machinery and equipment	5 to 28 years
Motor vehicles	8 years
Office equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Construction work-in-progress represents assets in the course of construction for production, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policies (Note 2(t)). Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2 Summary of significant accounting policies (cont'd)

g) Land use rights

Land use rights are initially recognised at cost and subsequently carried at cost less accumulated amortisation and any impairment in value. Land use rights are amortised on a straight line basis over the operation period of 20 years.

The amortisation period and amortisation method of land use rights are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

h) Impairment of non-financial assets excluding goodwill

At the end of each reporting period, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment loss for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2 Summary of significant accounting policies (cont'd)

j) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are presented as a separate line in the statement of financial position.

The lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on the lease liabilities using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2 Summary of significant accounting policies (cont'd)

j) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and useful life of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as "Land use rights" in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

k) Financial assets

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

2 Summary of significant accounting policies (cont'd)

k) Financial assets (cont'd)

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group's classifies its financial assets at amortised cost. The classification is based on the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

Subsequent measurement

Debt instruments include cash and cash equivalents and trade and other receivables (excluding prepayments, income tax recoverable, value-added tax recoverable and advance payments to suppliers). The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

2 Summary of significant accounting policies (cont'd)

k) Financial assets (cont'd)

Impairment (cont'd)

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at the each reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

l) Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged fixed deposits.

m) Financial liabilities

Financial liabilities include trade and other payables (excluding value-added tax payables) and bank borrowings. Trade bills payables represent trade bills receivables that have been endorsed as payments to the suppliers and yet to mature at the end of the reporting period.

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instruments.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised costs using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2 Summary of significant accounting policies (cont'd)

n) Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

o) Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

p) Statutory reserve fund

In accordance with the relevant laws and regulations in PRC applicable to foreign investments enterprises and the Articles of Association of the PRC subsidiary companies, the subsidiary companies are required to make appropriation from profit after taxation as reported in the PRC statutory financial statements to reserve fund at a rate as determined by the Board of Directors. The transfer to this reserve must be made before the payment of dividends to shareholders. In the event that the PRC subsidiary company has accumulated losses, the transfer of this reserve can only be made after the accumulated losses are fully set off against current year net profit.

The reserve fund can only be used to set off against accumulated losses or to increase the registered capital of the PRC subsidiary company, subject to approval from the PRC authorities. This reserve fund is not available for dividend appropriation to the shareholders.

q) Revenue recognition

Sales of goods

The Group sells chemical-based products, methylamine and dimethylformamide ("DMF"). The Group transfers control and recognises a sale when they deliver goods to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation. Transaction price is the amount of consideration in the sales invoice and sales contract to which the Group expects to be entitled in exchange for transferring the promised goods. No element of financing is deemed present as the sales are made with an average credit period of 90 days which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

For protective reasons, a portion of the contract consideration is received upfront, and the remaining consideration is received from customers when goods are delivered to the customers. As such, no financing component has been recognised as the payment terms are for reasons other than financing.

2 Summary of significant accounting policies (cont'd)

q) Revenue recognition (cont'd)

Interest income

Interest income is recognised using the effective interest method.

Rental income

Lease payments from operating leases are recognised on a straight-line basis over the lease term.

Management fee

Management fee income is recognised when services are rendered.

r) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

s) Employee benefits

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund in Singapore, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations in PRC, the Group's subsidiaries in PRC ("PRC subsidiaries") participate in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are recognised as an expense in the period in which the related service is performed.

2 Summary of significant accounting policies (cont'd)

t) Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds, are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are recognised in profit or loss using the effective interest method.

u) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax liability is provided on all taxable temporary differences arising on investments in subsidiary companies and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

2 Summary of significant accounting policies (cont'd)

v) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Renminbi, which is the functional currency of the Company, its subsidiary companies and associated companies.

Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the currency translation reserve within equity in the consolidated financial statements. The currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

w) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

3 Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below):

Investment in subsidiary company

Management has assessed and concluded that the Group has control over Henan Herunsheng Isotope Technology Co., Ltd. ("Herunsheng") on the basis that another investor with 35% of the voting rights in Herunsheng is acting in concert with the Group, although the Group owns 45% of the voting rights in Herunsheng. The investor with 35% of the voting rights in Herunsheng has signed an agreement to vote in accordance with the decision as voted by the Group about relevant activities of Herunsheng including but are not limited to operating, financing and investing activities. The aggregate shareholding and voting rights in Herunsheng of the Group and its concert party is 80%. The sole director of Herunsheng is appointed by the Group. Accordingly, the Group has accounted for this investment as its subsidiary company (Note 16).

Investment in associated company

As disclosed in Note 17, the Group's effective interest in Anyang Jiujiu Chemical Technology Co., Ltd. ("Anyang Jiujiu") is 74%. However, management has 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 Chemical Co., Ltd ("Anyang Jiulong"). Anyang Jiulong is in turn a subsidiary company of Henan Energy and Chemical Industry Group Co., Limited ("HNEC"). As such, HNEC has control over Anyang Jiujiu through Anyang Jiulong. Accordingly, the Group has accounted for this investment as its associated company in the consolidated financial statements using equity method of accounting.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. The Group reviews the useful lives and residual values of property, plant and equipment at the end of each reporting period in accordance with the accounting policy in Note 2(f). The estimation of the useful lives and residual values involves assumptions concerning the future and estimation of the assets' common life expectancies and expected level of usage. Any changes in the expected useful lives of these assets would affect the carrying amounts of property, plant and equipment and the depreciation charges for the financial year. The carrying amounts of property, plant and equipment and the depreciation charges for the financial year are disclosed in Note 14.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Impairment review of property, plant and equipment and land use rights

The Group assesses whether there are any indicators of impairment for property, plant and equipment and land use rights in accordance with the accounting policy in Note 2(h). The Group also assesses whether there is any indication that an impairment loss recognised in prior periods for property, plant and equipment may no longer exist or may have decreased. An impairment loss recognised in prior periods shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. An impairment loss exists when the carrying value of the property, plant and equipment and land use rights exceeds their recoverable amount.

The carrying value of the Group's property, plant and equipment and land use rights are disclosed in Note 14 and Note 15 respectively. Further details on the impairment assessment of the Group's property, plant and equipment are disclosed in Note 14.

Income taxes

The amount and timing of future taxable income and deductibility of certain expenditure are subject to the interpretation of complex tax regulations. Accordingly, there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on reasonable estimates of whether additional taxes will be due. Where the final tax outcome of these matters is concluded and different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of income tax payables of the Group at 31 December 2021 is RMB131,001,000 (2020: RMB37,350,000).

Impairment review of investments in associated companies

Management exercises their judgement in estimating recoverable amounts of its investments in associated companies.

The recoverable amounts of the investments are reviewed at the end of each reporting period to determine whether there is any indication that these investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. The carrying values of the Company' investments in associated companies are disclosed in Note 17. Further details of the key assumptions applied in the impairment assessment of the Company's investments in associated companies are disclosed in Note 17. Changes in assumptions made and discount rate applied could affect the carrying value of the investments in associated companies.

3 Critical accounting judgements and key sources of estimation uncertainty (cont'd)

Key sources of estimation uncertainty (cont'd)

Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying value of trade and other receivables at the reporting date are disclosed in Note 29(b).

4 Revenue

Revenue represents the amount received or receivable from sales of goods, net of sales related taxes. Revenue are predominantly attributable from PRC. All revenue are recognised at a point in time.

The following table provides a disaggregation disclosure of the Group's revenue by major product of the Group.

	Group	
	2021	2020
	RMB'000	RMB'000
Methylamine	**1,125,917**	656,705
DMF	**998,922**	443,332
Others	**48,471**	46,216
	2,173,310	1,146,253

Revenue recognised during the financial year from amounts included in contract liabilities at the beginning of the financial year amounted to RMB17,480,000 (2020: RMB15,422,000) (Note 21).

The Group applies the practical expedient in SFRS(I)15 and does not disclose information about its remaining performance obligation as the performance obligation is part of contracts that have original expected duration of one year or less.

5 Other income

	Group	
	2021	2020
	RMB'000	RMB'000
Insurance claim	**220**	434
Amortisation of deferred income (Note 23)	**–**	64
Gain on disposal of property, plant and equipment	**48**	–
Government grant	**79**	235
Sales of scrap material	**–**	1,391
Net gain on foreign exchange	**–**	205
Waiver of debts from creditors	**–**	666
Sundry income	**707**	896
	1,054	3,891

6 Other income and finance costs

	Group	
	2021	2020
	RMB'000	RMB'000
Other income/(expenses)		
Reversal of impairment loss on investment in associated companies (Note 17)	**14,559**	–
Reversal of impairment loss on property, plant and equipment	**–**	23,000
Net loss on foreign exchange	**(3,114)**	–
Property, plant and equipment written off	**(3,259)**	(4,799)
Others	**(131)**	(940)
	8,055	17,261
Finance costs		
Interest expenses on:		
- Bank borrowings	**3,666**	5,745
- Amount due to related party	**–**	8
Financing bank charges	**1,416**	1,694
	5,082	7,447

7 Profit before tax

Profit before tax is arrived at after charging:

	Group	
	2021	2020
	RMB'000	RMB'000
Amortisation of land use rights (Note 15)	**645**	643
Auditors' remuneration paid/payable to:		
- independent auditor of the Company	**866**	656
- other auditors of the Group	**40**	40
Depreciation of property, plant and equipment (Note 14)	**28,334**	25,830
Directors' fees	**1,152**	853
Impairment loss on financial assets (Note 29 (b))	**126,155**	4,577
Staff costs (Note 8)	**50,395**	26,699
Leases expenses (Note 28)	**1,546**	1,221
Transportation charges	**15,674**	11,982

In 2021 and 2020, there is no non-audit fees paid to the auditors of the Group and the Company.

8 Staff costs

	Group	
	2021	2020
	RMB'000	RMB'000
Directors of the Company		
- Salaries, bonus and other benefits	**3,350**	1,469
- Defined contribution benefits	**83**	60
Directors of the subsidiary companies		
- Salaries and bonus	**512**	345
- Defined contribution benefits	**137**	122
Key management personnel (non-directors)		
- Salaries and bonus	**1,440**	822
- Defined contribution benefits	**220**	184
Other personnel		
- Salaries, bonus and other benefits	**34,675**	19,722
- Defined contribution benefits	**9,978**	3,975
	50,395	26,699

9 Tax expense

	Group	
	2021	2020
	RMB'000	RMB'000
Income tax		
- Current year	**155,682**	58,489
- Withholding tax	**3,000**	–
- (Over)/under provision in respect of prior years	**(2,062)**	356
Deferred income tax		
- Current year (Note 18)	**4,038**	10,469
	160,658	69,314

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the domestic rates applicable to profit in the countries where the Group operates due to the following factors:

	Group	
	2021	2020
	RMB'000	RMB'000
Profit before tax	**485,146**	242,432
Share of results of associated companies	**14,559**	9,491
Profit before tax excluded share of results of associated companies	**499,705**	251,923
Tax at the domestic rates applicable to profit in the countries where the Group operates	**122,306**	61,425
Expenses not deductible for tax purposes	**33,751**	4,537
Utilisation of previously unrecognised deferred tax assets	**–**	(475)
(Over)/under provision of income tax expenses in prior year	**(2,062)**	356
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**6,660**	3,090
Others	**3**	381
	160,658	69,314

9 Tax expense (cont'd)

The above tax reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

The statutory income tax rate applicable to the Company is 17% (2020: 17%).

Pursuant to the relevant laws and regulations in PRC, the subsidiary companies of the Group which were incorporated in PRC are required to pay PRC enterprise income tax at a uniform rate of 25% (2020: 25%).

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax 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 and applies to earnings after 31 December 2007. 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%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. At the end of the reporting period, deferred tax liability of RMB6,750,000 (2020: RMB3,090,000) has been recognised on the undistributed earnings of the subsidiary company (Note 18).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

10 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following:

	Group	
	2021	2020
Profit for the financial year attributable to equity holders of the Company (RMB'000)	**324,901**	173,685
Weighted average number of ordinary shares ('000)	**1,988,444**	1,849,100
Earnings per share (RMB cents)	**16.34**	9.39

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares for the financial years ended 31 December 2021 and 31 December 2020.

11 Cash and cash equivalents

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash on hand and at bank	**773,550**	259,727	**51,550**	48,889
Fixed deposits	**148,584**	194,326	**–**	–
	922,134	454,053	**51,550**	48,889
Pledged fixed deposits	**(148,584)**	(194,326)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**773,550**	259,727	**51,550**	48,889

Fixed deposits are pledged to secure bills payables to banks (Note 19) and earn interest rates ranging from 1.30% to 1.50% (2020: 1.25% to 1.50%) per annum. The pledged fixed deposits will be released upon the settlement of the bills payables to banks on maturity date. The carrying amounts of these assets approximate their fair values.

The Group's and the Company's cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollar	**51,461**	48,796	**51,461**	48,796
United States dollar	**89**	93	**89**	93

12 Trade and other receivables

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Trade receivables from:				
- Associated company	**10,255**	44,476	**–**	–
- Related party	**6,160**	6,318	**–**	–
- Third parties	**5,277**	6,585	**–**	–
Trade bills receivables	**535,761**	385,393	**–**	–
	557,453	442,772	**–**	–
Less: Allowance for expected credit loss (Note 29(b))				
- related party	**(6,155)**	–	**–**	–
- third parties	**(4,520)**	(4,520)	**–**	–
Total trade receivables, net	**546,778**	438,252	**–**	–
Amount due from associated company	**–**	167,470	**–**	–
Less: Allowance for expected credit loss (Note 29(b))	**–**	(22,470)	**–**	–
Net amount due from associated company	**–**	145,000	**–**	–
Advance payments to suppliers:				
- Associated company	**56,815**	21,213	**–**	–
- Related party	**8**	51,852	**–**	–
- Third parties	**4,539**	4,688	**–**	–
Total advance payments to suppliers	**61,362**	77,753	**–**	–
Value-added tax recoverable	**644**	738	**–**	–
Prepayments	**67**	64	**67**	64
Refundable deposits	**213**	224	**213**	224
Others	**425**	115	**–**	–
Security deposits paid to secure corporate guarantee of the bank borrowing (Note 19)	**5,000**	3,000	**–**	–
Total other receivables	**67,711**	226,894	**280**	288
	614,489	665,146	**280**	288

12 Trade and other receivables (cont'd)

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current				
Amount due from associated company	**172,933**	–	**–**	–
Less: Allowance for expected credit loss (Note 29(b))	**(142,470)**	–	**–**	–
Net amount due from associated company	**30,463**	–	**–**	–
	644,952	–	**–**	–

The Group's and the Company's trade and other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollar	**280**	288	**280**	288

The average credit period on sales of goods is 90 days (2020: 90 days). No interest is charged on the overdue trade receivables. The Group's trade bills receivables are non-interest bearing and are normally settled on terms of 90 to 365 days (2020: 90 to 365 days).

The non-current amount due from associated company represents advances to Anyang Jiujiu and is interest-free.

Anyang Jiujiu's intermediate holding company, Anyang Chemical Industry Group Co. Ltd ("Anhua"), which is also a related party of the Company has provided a corporate guarantee for the amount due from Anyang Jiujiu of up to RMB145,000,000. On 18 March 2021, the Group entered into an arrangement with Anhua for the settlement of the amount due from associated company, in conjunction with the Group's expansion plan and corporate guarantee provided by Anhua. However, on 1 November 2021, the Group announced that Anhua is undergoing an asset and debt restructuring exercise and the Group subsequently entered into an arrangement on 31 December 2021 with Anyang Jiujiu to pledge a portion of its property, plant and equipment ("PPE") as security collateral (the "Arrangement") to secure the amount due to the Group.

Management estimated the credit loss on the amount due from associated company using the expected credit loss model. In determining the credit loss allowance, management evaluated the financial background and credit risk of the associated company, the fair value of the security collateral as part of the Arrangement with Anyang Jiujiu, as well as the timing of expected cash flows for recovery of the receivable. Management has engaged an independent firm of professional valuers to determine the fair value of the PPE as at 31 December 2021.

12 Trade and other receivables (cont'd)

The valuer has determined the fair value of the PPE using the cost approach, which is the expected value derived from the reproduction or replacement cost of the PPE, adjusted for depreciation and obsolescence.

Management estimated that the expected cash flows for recovery of the receivable of the portion of PPE pledged as security collateral to the Group to be approximately RMB30,463,000 based on the valuation report performed by an independent firm of professional valuers and an allowance for expected credit loss of RMB120,000,000 (2020: RMB4,577,000) was recognised during the financial year. The fair value measurement was categorised as a Level 3 fair value inputs to the valuation technique used (Note 29(c)).

Included in the Group's trade bills receivables are trade bills receivables amounting to RMB516,359,000 (2020: RMB370,483,000) that have been endorsed as payments made to the suppliers. The Group has retained the substantial risks and rewards, which include default risks relating to the trade bills receivables and the Group continued to recognise the full carrying amounts of the trade bills receivables and the associated trade bills payables accordingly. These trade bills receivables have yet to mature at the end of the reporting period (Note 20).

13 Inventories

	Group	
	2021	2020
	RMB'000	RMB'000
Raw materials, at cost	**45,753**	23,446
Finished goods, at cost and net realisable value	**15,368**	15,491
	61,121	38,937
Cost of inventories recognised as an expense in cost of sales	**1,479,807**	858,340

14 Property, plant and equipment

	Leasehold buildings	Machinery and equipment	Motor vehicles	Construction work-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
Cost					
At 1 January 2020	91,273	546,370	3,521	84,699	725,863
Additions	–	5,827	–	2,850	8,677
Written-off	–	(22,824)	–	–	(22,824)
Reclassifications	–	4,813	–	(4,813)	–
At 31 December 2020	91,273	534,186	3,521	82,736	711,716
Additions	–	2,467	7	17,291	19,765
Disposals	–	–	(247)	–	(247)
Written-off	–	(4,610)	–	–	(4,610)
Reclassifications	–	2,638	–	(2,638)	–
At 31 December 2021	**91,273**	**534,681**	**3,281**	**97,389**	**726,624**
Accumulated depreciation and impairment losses					
At 1 January 2020	37,727	427,158	2,338	50,207	517,430
Depreciation charge (Note 7)	2,606	23,092	132	–	25,830
Written-off	–	(18,025)	–	–	(18,025)
Reversal of impairment loss	–	(23,000)	–	–	(23,000)
At 31 December 2020	40,333	409,225	2,470	50,207	502,235
Depreciation charge (Note 7)	2,607	25,566	161	–	28,334
Disposals	–	–	(235)	–	(235)
Written-off	–	(1,351)	–	–	(1,351)
At 31 December 2021	**42,940**	**433,440**	**2,396**	**50,207**	**528,983**
Carrying amount					
At 31 December 2020	50,940	124,961	1,051	32,529	209,481
At 31 December 2021	**48,333**	**101,241**	**885**	**47,182**	**197,641**

14 Property, plant and equipment (cont'd)

	Office equipment	
	2021	2020
	RMB'000	RMB'000
Company		
Cost		
At 1 January	**411**	795
Additions	**–**	411
Written-off	**–**	(795)
At 31 December	**411**	411
Accumulated depreciation		
At 1 January	**103**	795
Additions	**136**	103
Written-off	**–**	(795)
At 31 December	**239**	103
Carrying amount		
At 31 December	**172**	308

Henan Herunsheng Isotope Technology Co., Ltd. ("Herunsheng")

Herunsheng's plant remained unstable for commercial production during and at the end of the financial year. Management carried out an impairment review of Herunsheng's PPE in view of the continuing challenges and uncertainties in the production.

The recoverable amount of Herunsheng's PPE was estimated using the fair value less costs of disposal method under the cost approach based on the valuation report performed by an independent firm of professional valuers. The valuation is derived from the reproduction or replacement cost of the PPE, adjusted for depreciation and obsolescence.

Management assessed that the carrying value of Herunsheng's PPE of RMB28,737,000 after deducting accumulated impairment loss of RMB50,207,000 to approximate its recoverable amount at the end of the current financial year. The fair value measurement was categorised as a Level 3 fair value inputs to the valuation technique used (Note 29(c)).

14 Property, plant and equipment (cont'd)

Anyang Jiutian Fine Chemical Co., Ltd. ("Anyang Jiutian")

In 2020, management carried out a review of the recoverable amount of its PPE having regard to the increase of gross profit margin and net profits recorded in Anyang Jiutian for the financial year ended 31 December 2020 and the expected increasing demand for Anyang Jiutian's products.

The recoverable amount of its PPE was determined based on value-in-use calculations using the cash flow projections from forecast approved by management covering a five-year period. The recoverable amount of PPE was estimated to exceed its carrying amount and accordingly a reversal of impairment loss of RMB23,000,000 was recognised in profit or loss for the financial year ended 31 December 2020. The reversal of the impairment loss was recognised to the extent that the increase in carrying amount of the PPE shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the assets in prior years. The carrying amount of the PPE as at 31 December 2020, after the reversal of impairment, was RM182,665,000.

The key assumptions used in the estimation of value in use calculations using cash flow projections from forecast approved by management covering a five-year period were as follows:

	Group
	2020
	%
Gross margin	12
Discount rate	21

Forecasted revenue and gross margin and operating expenses for the next five years were projected taking into account the historical performance experienced over the past years and expected market outlook of Anyang Jiutian's products for the next five years.

Management estimated discount rates using pre-tax rates that reflected current market assessments of the time value of money and which was adjusted for the risks specific to Anyang Jiutian.

Sensitivity changes in assumptions

Management believed that the change in the estimated recoverable amount arising from any reasonably possible change to the key assumptions applied would not cause the recoverable amount of PPE to be significantly lower than the carrying amount of PPE and would not affect the reversal of impairment loss for the financial year ended 31 December 2020.

15 Land use rights

	Group	
	2021	2020
	RMB'000	RMB'000
Cost		
At 1 January and 31 December	**14,936**	14,936
Accumulated amortisation		
At 1 January	**11,599**	10,956
Amortisation charge (Note 7)	**645**	643
At 31 December	**12,244**	11,599
Carrying amount		
At 31 December	**2,692**	3,337

The Group has made an upfront payment to secure the right-of-use for 47-50 years of leasehold land.

The details of the land use rights as at 31 December 2021 are as follows:

Location	Lease period	Land area (square metre)
Zhangwu Street, Long An District, Anyang City, Henan Province, PRC	50 years from August 2001	20,833
Dabai Highway West, Tianchi Village, Shuiye Town, Anyang City, Henan Province, PRC	50 years from December 2007	10,487
Zhangwu Street, Long An District, Anyang City, Henan Province, PRC	47 years from December 2007	49,875
Choumou Chemical Concentration Zone, Beiqiao Village, Liyang City, Jiangsu Province, PRC	50 years from December 2008	12,917

16 Investment in subsidiary companies

	Company	
	2021	2020
	RMB'000	RMB'000
Unquoted equity shares, at cost	**265,724**	265,724
Allowance for impairment loss	**(7,988)**	(7,988)
	257,736	257,736

Movement in allowance for impairment loss during the financial year are as follows:

	Company	
	2021	2020
	RMB'000	RMB'000
Balance at beginning and end of the financial year	**7,988**	7,988

a) The details of the subsidiary companies are as follows:

Name of subsidiary company	Principal activities (Place of establishment/operation)	Proportion of ownership interest	
		2021	2020
		%	%
Held by the Company			
Anyang Jiutian Fine Chemical Co., Ltd. ("Anyang Jiutian")	Production, sale and service of industrial methanol, methylamine, DMF and gas (PRC)	**100**	100
Changzhou Jiutian Xiean Chemical Co., Ltd. ("Changzhou Jiutian")	Sale of methylamine, DMF, polyurethane and downstream products (PRC)	**80**	80
Held by Anyang Jiutian			
Henan Herunsheng Isotope Technology Co., Ltd. ("Herunsheng")	Research and development of isotope technology and, manufacturing and trading of Oxygen 18 and deuterium depleted water (PRC)	**45**	45

As disclosed in Note 3, management has assessed and concluded that the Group has control over Herunsheng and accordingly, the Group accounted for this investment as its subsidiary company.

16 Investment in subsidiary companies (cont'd)

a) The details of the subsidiary companies are as follows: (cont'd)

The subsidiary companies are audited by Baker Tilly China Certified Public Accountants ("Baker Tilly China") (an independent member firm of the Baker Tilly International network) for the purpose of preparation of the consolidated financial statements of the Group.

b) Significant restrictions

Cash and cash equivalents of RMB870,584,000 (2020: RMB405,164,000) are held in PRC and are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported, other than through dividends subject to the approval from relevant authorities.

c) Summarised financial information of subsidiary company with material non-controlling interests ("NCI")

The subsidiary company with NCI that are considered by management to be material to the Group is as follows:

Name of subsidiary company	Principal place of business/ Country of incorporation	Proportion of ownership interest held by NCI	
		2021	2020
		%	%
Henan Herunsheng Isotope Technology Co., Ltd. ("Herunsheng")	PRC	**55**	55

The summarised financial information of Herunsheng based on its financial statements, which is prepared in accordance with International Financial Reporting Standards, but before inter-company eliminations are as follows:

<u>*Summarised statement of financial position*</u>

	2021	2020
	RMB'000	RMB'000
Non-current assets	**28,737**	29,202
Current assets	**4,721**	4,915
Current liabilities	**(33,939)**	(33,847)
Non-current liabilities	**(2,000)**	(2,000)
Net liabilities	**(2,481)**	(1,730)
Net liabilities attributable to NCI	**(1,365)**	(952)

16 Investment in subsidiary companies (cont'd)

c) Summarised financial information of subsidiary company with material non-controlling interests ("NCI") (cont'd)

Summarised statement of profit or loss and other comprehensive income

	2021	2020
	RMB'000	RMB'000
Revenue	**–**	–
Loss and total comprehensive loss	**(751)**	(1,031)
Loss allocated to NCI	**(413)**	(567)

Summarised statement of cash flows

	2021	2020
	RMB'000	RMB'000
Cash flows (used in)/generated from operating activities	**(347)**	8
Cash flows generated from investing activities	**452**	–
Net increase in cash and cash equivalents	**105**	8

17 Investment in associated companies

	Group		**Company**	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Unquoted equity shares, at cost	**339,709**	339,709	**339,709**	339,709
Share of post-acquisition reserves, net of dividend received	**(213,318)**	(198,759)	**–**	–
Allowance for impairment loss	**(64,133)**	(78,692)	**(277,451)**	(277,451)
	62,258	62,258	**62,258**	62,258

17 Investment in associated companies (cont'd)

Movements in allowance for impairment loss during the financial year are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Balance at beginning of the financial year	**78,692**	78,692	**277,451**	267,960
(Reversal of)/allowance for impairment loss (Note 6)	**(14,559)**	–	**–**	9,491
At end of the financial year	**64,133**	78,692	**277,451**	277,451

The details of the associated companies are as follows:

Name of associated company	**Principal activities (Principal place of business/ country of incorporation)**	**Proportion of ownership interest held**	
		2021	2020
		%	%
Anyang Jiulong Chemical Co., Ltd* ("Anyang Jiulong")	Production of coal-based chemicals (PRC)	**49**	49
Anyang Jiujiu Chemical Technology Co., Ltd* ("Anyang Jiujiu")	Manufacturing and selling of sodium hydrosulfite (PRC)	**74**	74

* Audited by Baker Tilly China for the purpose of preparation of the consolidated financial statements of the Group. The activities of the associated companies are strategic to the Group's activities.

The Group's associated companies are Anyang Jiulong and Anyang Jiujiu. The Company's direct ownership interests in both Anyang Jiulong and Anyang Jiujiu are 49% (2020: 49%). The remaining 51% (2020: 51%) interest in Anyang Jiujiu is owned by Anyang Jiulong and accordingly, the Group's effective interests in Anyang Jiulong and Anyang Jiujiu are 49% and 74% (2020: 49% and 74%) respectively.

As disclosed in Note 3, management has assessed and concluded that the Group has no control but only significant influence over Anyang Jiujiu. Accordingly, the Group has accounted its investment in Anyang Jiujiu as its associated company.

17 Investment in associated companies (cont'd)

Anyang Jiulong Chemical Co., Ltd ("Anyang Jiulong")

During the financial year, management performed an impairment review for the Company's investment in Anyang Jiulong having considered an improvement of gross profit margin of Anyang Jiulong for the current financial year. An impairment loss of RMBNil (2020: RMB9,491,000) was recognised for the financial year ended 31 December 2021 to write down the Company's investment in Anyang Jiulong to its recoverable amount of RMB62,258,000 (2020: RMB62,258,000). The recoverable amount of the investment was determined based on value-in-use calculations using cash flow projections from forecast approved by management covering the remaining useful live of the property, plant and equipment. The pre-tax discount rates applied to the cash flow projection and the forecasted gross profit margin used to the cash flow projections were 9% - 13% and 0% - 6% (2020: 12% - 16% and 0% - 4%) respectively. In addition, management assessed that the recoverable amount of the Group's investment in Anyang Jiulong had exceeded its carrying amount and a reversal of impairment loss of RMB14,559,000 was recognised in the profit or loss for the current financial year ended 31 December 2021 accordingly.

Sensitivity to changes in assumptions

Management has considered the most significant assumptions used in the value-in-use calculation is the gross profit margin applied. Had the gross profit margin varied from management's estimation, the estimated recoverable amount of the investment in Anyang Jiulong and the impairment charge would be as follows:

	Estimated recoverable amount	**Increase/ (decrease) in impairment charge**
	RMB'000	**RMB'000**
Anyang Jiulong		
1% higher than the management's projection	**79,856**	(17,598)
1% lower than the management's projection	**46,837**	15,421

The summarised financial information of Anyang Jiulong and Anyang Jiujiu based on their financial statements, which are prepared in accordance with International Financial Reporting Standards, not adjusted for the Group's share of those amounts and a reconciliation to the carrying amounts of the investments in the consolidated financial statements of the Group are as follows:

17 Investment in associated companies (cont'd)

Anyang Jiulong Chemical Co., Ltd ("Anyang Jiulong") (cont'd)

Summarised statement of profit or loss and other comprehensive income

	Anyang Jiulong and its subsidiary company		Anyang Jiujiu	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**473,967**	239,195	**4,712**	6,671
Loss and total comprehensive loss attributable to:				
- Equity holders of the Company	**(29,713)**	(19,369)	**(33,486)**	(18,977)
- Non-controlling interests	**(16,408)**	(9,299)	**–**	–
	(46,121)	(28,668)	**(33,486)**	(18,977)

Summarised statement of financial position

	Anyang Jiulong and its subsidiary company		Anyang Jiujiu	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Non-current assets	**403,619**	439,779	**185,819**	211,571
Current assets	**210,602**	206,546	**25,129**	27,268
Non-current liabilities	**(5,991)**	(6,172)	**–**	–
Current liabilities	**(607,954)**	(593,756)	**(736,794)**	(731,199)
Non-controlling interests	**257,664**	241,256	**–**	–
Total equity attributable to equity holders of the Company	**257,940**	287,653	**(525,846)**	(492,360)
Group's share of net assets based on proportion of ownership interest	**126,391**	140,950	**–**	–
Other adjustment	**(64,133)**	(78,692)	**–**	–
Carrying amount of equity interest	**62,258**	62,258	**–**	–

17 Investment in associated companies (cont'd)

Anyang Jiulong Chemical Co., Ltd ("Anyang Jiulong") (cont'd)

The Group has not recognised its share of losses of Anyang Jiujiu totaling to RMB257,664,000 (2020: RMB241,256,000) because the Group's cumulative share of losses has exceeded its interest in that associated company and the Group has no obligation in respect of these losses.

Significant restrictions

The associated companies in PRC are subject to local exchange control regulations. These regulations place restrictions on the amount of currency being exported other than through dividends subject to the approval from relevant authorities.

18 Deferred tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The following are the major deferred tax assets/liabilities recognised by the Group and the movements thereon during the current and prior reporting period:

	Deferred income	Accelerated accounting depreciation	Undistributed profits of subsidiaries	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group					
At 1 January 2020	17	8,487	–	483	8,987
(Charge)/credit to profit or loss (Note 9)					
- Current year	(17)	(7,568)	(3,090)	206	(10,469)
At 31 December 2020	–	919	(3,090)	689	(1,482)
(Charge)/credit to profit or loss (Note 9)					
- Current year	–	(577)	(6,660)	199	(7,038)
- Reversal due to utilisation	–	–	3,000	–	3,000
At 31 December 2021	**–**	**342**	**(6,750)**	**888**	**(5,520)**

18 Deferred tax (cont'd)

	2021	2020
	RMB'000	RMB'000
Representing:		
Non-current		
Deferred tax assets	**1,230**	1,608
Deferred tax liabilities	**(6,750)**	(3,090)
	(5,520)	(1,482)

The potential deferred tax assets on the following temporary differences have not been recognised in the financial statements at the end of the reporting period:

	Group	
	2021	2020
	RMB'000	RMB'000
Unabsorbed tax losses	**2,282**	3,924

Unabsorbed tax losses are available for carry forward up to five years from the year of loss to offset against future taxable income of the companies in which the tax losses arose subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. During the financial year, the Group's unabsorbed tax losses brought forward amounting to RMB1,642,000 (2020: RMB1,402,000) has expired. Included in unabsorbed tax losses are losses of RMB2,282,000 (2020: RMB3,924,000) that will expire in 2023 - 2025 (2020: 2022 - 2025).

The potential deferred tax assets have not been recognised in the financial statements as it is not probable that the future taxable income in these companies will be sufficient to allow these temporary differences to be realised in the foreseeable future.

19 Bank borrowings

	Group	
	2021	2020
	RMB'000	RMB'000
Bank borrowings		
Loan I	**–**	10,000
Loan II	**–**	50,000
Loan III	**–**	20,000
Loan IV	**–**	30,000
Loan V	**10,000**	–
Loan VI	**49,940**	–
	59,940	110,000
Bills payables to banks	**168,241**	234,299
	228,181	344,299
Representing:		
Current	**178,241**	344,299
Non-current	**49,940**	–
	228,181	344,299

Security for borrowings

Loan I bears interest rate of 6.26% per annum and was guaranteed by Anhua.

Loan II bears interest rate of 5.27% per annum and was guaranteed by Anhua.

Loan III bears interest rate of 6.26% per annum and was guaranteed by HNEC. The security deposit of RMB3 million (Note 12) was pledged to HNEC for the corporate guarantee provided.

Loan IV bears interest rate of 5.08% per annum and was guaranteed by Anhua.

Loan I, II, III and IV were repaid during the financial year.

Loan V bears interest rate of 5.22% per annum and is payable in 2022. Loan V is guaranteed by Anhua and Anyang Jiulong.

Loan VI bears interest rate of 4.79% per annum and is payable in 2024. Loan VI is guaranteed by Anhua and Anyang Jiulong.

Bills payables to banks

Bills payables to banks are secured by certain fixed deposits held by the banks as disclosed in Note 11 and guaranteed by HNEC and security deposit of RMB5 million (Note 12) was pledged to HNEC for the corporate guarantee provided.

19 Bank borrowings (cont'd)

Fair values

The carrying amounts of current bank borrowings approximate their fair values at the end of the reporting period.

Based on discounted cash flows using market lending rate for similar borrowing which the management expects would be available to the Group at the end of the reporting period, the fair value of the non-current borrowing approximates its carrying amount as there are no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement is categorised within Level 3 of the fair value hierarchy.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Amount due to related party	Bank borrowings	Bills payables to banks	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	5,697	120,000	324,098	449,795
Changes from financing cash flows:				
- Drawdown	–	110,000	–	110,000
- Repayments	(5,697)	(120,000)	(89,799)	(215,496)
- Interest paid	(8)	(5,745)	–	(5,753)
- Bank charges paid	–	(73)	(1,621)	(1,694)
Non-cash changes				
- Interest expenses	8	5,745	–	5,753
- Bank charges	–	73	1,621	1,694
At 31 December 2020	–	110,000	234,299	344,299
Changes from financing cash flows:				
- Drawdown	–	59,490	–	59,490
- Repayments	–	(110,000)	(66,058)	(176,058)
- Interest paid	–	(3,666)	–	(3,666)
- Bank charges paid	–	–	(1,416)	(1,416)
Non-cash changes				
- Interest expenses	–	3,666	–	3,666
- Bank charges	–	–	1,416	1,416
At 31 December 2021	**–**	**59,490**	**168,241**	**227,731**

20 Trade and other payables

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables due to:				
- Third parties	**79,319**	79,434	**–**	–
- Related parties	**4,195**	–	**–**	–
Trade bills payables due to:[(a)]				
- Third parties	**510,659**	269,450	**–**	–
- Associated company	**750**	17,744	**–**	–
- Related parties	**4,950**	83,289	**–**	–
Total trade payables	**599,873**	449,917	**–**	–
Payable for purchase of property, plant and equipment	**30,379**	32,886	**–**	–
Accrued operating expenses	**2,652**	1,801	**268**	–
Security deposits received	**–**	676	**–**	–
Value-added tax payables	**18,755**	1,329	**–**	–
Staff related costs	**10,854**	13,459	**1,852**	544
Others	**5,806**	2,577	**–**	–
Total other payables	**68,446**	52,728	**2,120**	544
Total trade and other payables	**668,319**	502,645	**2,120**	544

The average credit period on purchases of goods is 120 days (2020: 120 days).

The Group's and the Company's trade and other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Singapore dollar	**2,120**	544	**2,120**	544

(a) The Group's trade bills payables represent trade bills receivables that have been endorsed as payments made to the suppliers. These trade bills receivables have yet to mature at the end of the reporting period (Note 12).

21 Contract liabilities

The Group receives payments from customers based on a billing schedule as established in the contracts. Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contract with customers.

	Group		
	2021	2020	1.1.2020
	RMB'000	RMB'000	RMB'000
Trade receivables from contracts with customers	**546,778**	438,252	320,423
Contract liabilities	**41,834**	22,549	20,491

Significant changes in the contract liabilities balances during the financial year are as follows:

	Group Contract liabilities	
	2021	2020
	RMB'000	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the financial year (Note 4)	**17,480**	15,422
Increases due to advances received, excluding amounts recognised as revenue during the financial year	**36,785**	17,480

22 Amount due to a subsidiary

In 2020, the amount due to a subsidiary, Anyang Jiutian, was non-trade, unsecured, interest bearing of 4.75% per annum and the loan was repayable after 3 years from the loan drawdown date of 20 January 2020. The fair value of the non-current amount due to a subsidiary at the end of the reporting period approximated its carrying amount as there were no significant changes in the interest rate available to the Group at the end of the reporting period. This fair value measurement was categorised within Level 3 of the fair value hierarchy.

The amount due to a subsidiary was fully paid during the financial year.

23 Deferred income

	Group	
	2021	2020
	RMB'000	RMB'000
At beginning of the financial year	**2,000**	2,064
Credit to profit or loss (Note 5)	**–**	(64)
At end of the financial year	**2,000**	2,000

The amount represents a government grant received from the local municipal government for financing a technology improvement project of a subsidiary company in PRC. The grant is amortised to profit or loss on a straight-line basis over the expected useful lives of the related assets. For construction work-in-progress, amortisation of the grant commences when the assets are ready for their intended use.

24 Share capital

	Group and Company			
	2021	2020	**2021**	2020
	Number of ordinary shares		**RMB'000**	RMB'000
	'000	'000		
Issued and paid up capital:				
At beginning of the financial year	**1,988,444**	1,818,444	**709,977**	661,153
Share issue	**–**	170,000	**–**	49,002
Share issue expenses	**–**	–	**–**	(178)
At end of the financial year	**1,988,444**	1,988,444	**709,977**	709,977

All issued shares are fully paid ordinary shares with no par value.

The Company issued 170,000,000 ordinary shares of S$0.0603 (equivalent to RMB0.29) per share on 27 October 2020, to provide funds for the Group's general working capital purposes.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

25 Statutory reserve fund

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January	**13,733**	–
Transferred from retained earnings	**34,409**	13,733
31 December	**48,142**	13,733

In accordance with the Foreign Enterprise Law of the PRC, the subsidiary, being a wholly foreign-owned enterprise is required to make contributions to a statutory reserve fund. At least 10 per cent of the statutory after-tax profits as determined in accordance with the applicable PRC accounting standards and regulations is required to be allocated to the statutory reserve fund. If the cumulative total of the statutory reserve fund reaches 50% of the subsidiary's registered capital, the enterprise will not be required to make any additional contribution.

The statutory reserve fund may be used to offset accumulated losses or increase the registered capital of the subsidiary, subject to approval from the relevant PRC authorities and is not available for dividend distribution to the shareholders. The PRC enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

26 Dividend

	Group and Company	
	2021	2020
	RMB'000	RMB'000
Ordinary dividend paid		
Interim exempt dividend of S$0.0035 (approximately RMB0.0168) (2020: Nil) per share paid in respect of the current financial year	**33,432**	–

The directors have proposed a final exempt dividend for the financial year ended 31 December 2021 of S$0.0012 (approximately RMB0.0056) per share amounting to a total of S$2,386,000 (approximately RMB11,173,000). These financial statements do not reflect this dividend payable, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

27 Related party transactions

Major shareholder

As at 31 December 2021, Anyang Longyu holds 502,429,900 (2020: 502,429,900) ordinary shares through its nominee, Philip Securities Pte Ltd, representing approximately 25.27% (2020: 25.27%) of the issued share capital of the Company. Anyang Longyu is a wholly-owned subsidiary company of Anhua. Anhua is in turn a subsidiary company of HNEC. HNEC is one of the PRC's most significant coal mining company and a significant manufacturer in the chemical industry.

Management is of the view that Anyang Longyu is able to exercise significant influence over the operations of the Group, and hence is considered as related party of the Group.

Transactions with HNEC and its subsidiary companies are considered as related party transactions.

Sales and purchases with Anhua

On 1 January 2005, Anyang Jiutian signed a 20-year raw materials and spare parts purchase agreement with Anhua. The transaction price would be mutually agreed by both parties and updated according to market price every three years. According to the supplementary agreement dated 30 July 2005, between Anyang Jiutian and Anhua, the transaction price will be reviewed every half year before October 2009 and will be reviewed every month thereafter.

Significant transactions with related parties

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties, who are not members of the Group during the financial year on terms agreed by the parties concerned:

	2021	2020
	RMB'000	RMB'000
Group		
With associated companies (subsidiary company of HNEC)		
Sales of goods	**84,942**	39,359
Purchases of goods, electricity and industrial steam	**316,276**	50,812
Rental expense	**694**	694
Advances given to	**8,374**	9,080
Advance payments for purchases	**400,138**	78,030
Impairment loss on financial assets	**120,000**	4,577
With other subsidiary companies of HNEC		
Sales of goods	**11,469**	10,465
Purchases of goods and industrial steam	**149,339**	293,855
Rental income	**482**	–
Rental expense	**200**	6
Advance payments for purchases	**97,372**	370,825

27 Related party transactions (cont'd)

Significant transactions with related parties (cont'd)

	2021	2020
	RMB'000	RMB'000
Company		
With subsidiary of the Company		
Loan from	–	10,900
Interest expense	129	474
Management fee income	–	3,619

Outstanding balances with related parties at the end of the reporting period are disclosed in Note 12 and Note 20 respectively.

28 Lease

The Group as a lessee

Nature of the Group's leasing activities

The carrying amount of right-of-use assets are disclosed in Note 15.

The Group leases land and office premises from related party and third party respectively where lease payment is recognised as expense on a straight-line basis over the lease term. The Group has elected not to recognise right-of-use assets and lease liabilities for the lease.

Information about the lease for which the Group is a lessee is presented below:

Amounts recognised in profit or loss

	2021	2020
	RMB'000	RMB'000
Lease expense not included in measurement of lease liabilities		
Lease expense - short term leases	1,546	1,279
Rent concessions from lessor	–	(58)
Total (Note 7)	1,546	1,221

As at 31 December 2021, the Group is committed to RMB624,000 (2020: RMB1,071,000) for short-term leases.

29 Financial instruments

a) Categories of financial instruments

Financial instruments at their carrying amounts at the end of the reporting period are as follows:

	Group		Company	
	2021	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
At amortised cost	**1,505,013**	1,040,644	**51,763**	49,113
Financial liabilities				
Amortised cost	**877,745**	845,615	**2,120**	544

b) Financial risk management

Management monitors and manages the financial risks relating to the operations of the Group and the Company to minimise adverse potential effects of financial performance. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Foreign currency risk

The principal entities in the Group transact their business significantly in RMB which is also the functional currency of the PRC entities and therefore the Group's exposure to foreign currency risk, such as Singapore dollar ("SGD") and United States dollar ("USD") are not expected to be significant.

The carrying amounts of monetary assets and monetary liabilities not denominated in the functional currency of the respective entities at the end of the reporting period are as follows:

	Group and Company					
	Assets		Liabilities		Net exposure	
	2021	2020	**2021**	2020	**2021**	2020
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
SGD	**51,741**	49,084	**(2,120)**	(544)	**49,621**	48,540
USD	**89**	93	**–**	–	**89**	93

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Foreign currency risk (cont'd)

Foreign currency sensitivity analysis

The following table details the sensitivity to a reasonably possible change in the SGD exchange rate against the functional currency of the Group's entities, with all other variables held constant, of the Group's profit/(loss) after tax:

	Group and Company	
	Increase/(decrease) in (loss)/profit after tax	
	2021	2020
	RMB'000	RMB'000
SGD against RMB		
- Strengthened 5% (2020: 5%)	**2,481**	2,427
- Weakened 5% (2020: 5%)	**(2,481)**	(2,427)

The sensitivity analysis for the USD exchange rate is not disclosed as the impact on the Group's and the Company's profit after tax is not significant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their borrowings, fixed deposits and amounts due from/to related parties.

Borrowings, fixed deposits and amounts due to related party are at fixed rates of interest which expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The Group's policy is to obtain the most favourable interest rates available and manage interest costs using a mix of fixed and floating rate debts depending on market and economic conditions. For interest income from fixed deposits, the Group manages interest rate risks by placing fixed deposits with reputable financial institutions on varying maturities and interest rate terms. The Group does not utilise derivatives to mitigate their interest rate risk.

At the end of the reporting period, the Group has no significant interest-bearing assets and liabilities at variable rates of interest, therefore the Group's performance is substantially independent of changes in market interest rates. Accordingly, the sensitivity analysis for interest rate risk is not disclosed.

The Company's exposure to interest rate risk is insignificant as the Company has no interest-bearing assets and liabilities except the amount due to a subsidiary at the end of the previous reporting period.

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

Concentration of credit risk exists when changes in economic, industry or geographical factors similarly affect group of counterparties whose aggregate exposure is significant in relation to the Group's total credit exposure. All the Group's customers are PRC companies. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL - not credit-impaired
Contractual payments are more than 90 days past due or there is evidence of credit impairment	Lifetime ECL - credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor is over 720 days past due, or has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the historical and current payment patterns of the debts when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances except for the amount due from associated company (Note 12).

Maximum exposure and concentration of credit risks

The Group's trade receivables comprise 1 debtor (2020: 2 debtors) that individually represented 10% of the trade receivables. The Group has significant concentration of credit risk in relation to the amount due from associated company as disclosed in Note 12.

The credit risk on liquid funds is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies. The carrying amounts of financial assets as presented on the statement of financial position represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The Company's maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

The trade bills receivables are considered integral part of trade receivables and considered in the calculation of impairment. As at 31 December 2021, 97.99% (2020: 87.94%) of the Group's trade receivables are covered by trade bills receivables. The Group assesses the concentration of risk with respect to trade receivables is low as its customers are located in several industries and operate in largely independent markets.

Amount due from associated company

As disclosed in Note 12, the Group entered into an arrangement on 31 December 2021 with Anyang Jiujiu to pledge a portion of its PPE as security collateral (the "Arrangement") to secure the amount due to the Group.

Management estimated the credit loss on the amount due from associated company using the expected credit loss model. In determining the credit loss allowance, management evaluated the financial background and credit risk of the associated company, the fair value of the security collateral as part of the Arrangement with Anyang Jiujiu, as well as the timing of expected cash flows for recovery of the receivable. Management has engaged an independent firm of professional valuers to determine the fair value of the PPE as at 31 December 2021.

As at 31 December 2021, the exposure to credit risk of amount due from associated company is as follows:

	2021
	RMB'000
Gross amount due from associated company	**172,933**
Less: expected cash flows for recovery of the receivable	**(30,463)**
Exposure to credit risk as at 31 December 2021	**142,470**

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Amount due from associated company (cont'd)

Consequently, the Group has recognised an allowance for expected credit loss of RMB120,000,000 (2020: RMB4,577,000) during the financial year and cumulative allowance for expected credit loss of RMB142,470,000 as at 31 December 2021 (2020: RMB22,470,000) respectively (Note 12).

Other financial assets at amortised cost

The credit loss exposure in relation to cash and cash equivalents and other receivables are immaterial at 31 December 2021 and 31 December 2020.

Movements in credit loss allowance are as follows:

	Trade receivables (Note 12)	Amount due from an associated company - Current (Note 12)	Amount due from an associated company - Non-current (Note 12)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Balance at 1 January 2020	4,520	17,893	–	22,413
Loss allowance measured:				
Lifetime ECL				
- credit impaired (Note 7)	–	4,577	–	4,577
Balance at 31 December 2020	4,520	22,470	–	26,990
Reclassification	–	(22,470)	22,470	–
Loss allowance measured:				
Lifetime ECL				
- credit impaired (Note 7)	6,155	–	120,000	126,155
Balance at 31 December 2021	**10,675**	**–**	**142,470**	**153,145**

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit quality of financial assets

The table below details the credit quality of the Group's and the Company's financial assets at the reporting date:

	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Group				
2021				
Trade receivables	Lifetime ECL	**21,692**	**(10,675)**	**11,017**
Trade bills receivables	Not applicable (Exposure limited)	**535,761**	**–**	**535,761**
Amount due from associated company	Lifetime ECL	**172,933**	**(142,470)**	**30,463**
Refundable deposits	12-month ECL	**213**	**–**	**213**
Other receivables	12-month ECL	**425**	**–**	**425**
Security deposits paid to secure corporate guarantee of the bank borrowing	12-month ECL	**5,000**	**–**	**5,000**
Cash and cash equivalents	Not applicable (Exposure limited)	**922,134**	**–**	**922,134**
2020				
Trade receivables	Lifetime ECL	57,379	(4,520)	52,859
Trade bills receivables	Not applicable (Exposure limited)	385,393	–	385,393
Amount due from associated company	Lifetime ECL	167,470	(22,470)	145,000
Refundable deposits	12-month ECL	224	–	224
Other receivables	12-month ECL	115	–	115
Security deposits paid to secure corporate guarantee of the bank borrowing	12-month ECL	3,000	–	3,000
Cash and cash equivalents	Not applicable (Exposure limited)	454,053	–	454,053

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Credit quality of financial assets (cont'd)

	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
		RMB'000	RMB'000	RMB'000
Company				
2021				
Refundable deposits	12-month ECL	**213**	**–**	**213**
Cash and cash equivalents	Not applicable (Exposure limited)	**51,550**	**–**	**51,550**
2020				
Refundable deposits	12-month ECL	224	–	224
Cash and cash equivalents	Not applicable (Exposure limited)	48,889	–	48,889

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance its operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants. This strategy has not changed from prior periods.

29 Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Group			
2021			
Trade and other payables	**649,564**	**–**	**649,564**
Bank borrowings	**181,155**	**52,332**	**233,487**
	830,719	**52,332**	**883,051**
2020			
Trade and other payables	501,316	–	501,316
Bank borrowings	350,336	–	350,336
	851,652	–	851,652
Company			
2021			
Trade and other payables	**2,120**	**–**	**2,120**
	2,120	**–**	**2,120**
2020			
Trade and other payables	544	–	544
	544	–	544

29 Financial instruments (cont'd)

c) Fair value

i) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

ii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities at amortised cost are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

iii) The Group and the Company has no other financial instruments.

d) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debts, which is the borrowings less cash and cash equivalents and equity attributable to equity holders of the Company, comprising share capital and reserves.

The Group's management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on recommendations of management, the Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issuance of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from 2020.

30 Segment information

The Group is principally engaged in manufacturing and selling of chemical-based products, i.e. methylamine and DMF. All provisions are of a similar nature and subject to similar risks and returns. Accordingly, the Group's operating activities are mainly attributable to a single reportable operating segment.

Geographical information

The Group's revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to a single geographical region, the PRC, which is the Group's principal place of business and operations. Therefore, no analysis by geographical region is presented.

Information about major customer

There is no major customer who individually contributed 10% or more of the Group's revenue during the financial year. Revenue derived from 2 external customers who individually contributed 5% (2020: 10%) or more of the Group's revenue are detailed below:

	Group	
	2021	2020
	RMB'000	RMB'000
Customer A	**194,595**	114,291
Customer B	**139,019**	135,100
	333,614	249,391

31 Authorisation of financial statements

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors dated 5 April 2022.

SHAREHOLDING STATISTICS

As at 15 March 2022

Issued and Fully Paid-up Capital	-	S$147,792,385 comprising 1,988,444,000 ordinary shares
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

There are no treasury shares and subsidiary holdings held in the issued share Capital of the Company.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Holders	No. of Shares	% of Shares
1 – 99	1	0.02	99	0.00
100-1000	102	1.59	80,545	0.00
1,001 – 10,000	1,283	19.95	10,124,200	0.51
10,001 – 1,000,000	4,907	76.31	598,175,600	30.08
1,000,001 and above	137	2.13	1,380,063,556	69.41
	6,430	100.00	1,988,444,000	100.00

LIST OF 20 LARGEST SHAREHOLDERS

	Shareholder's Name	No. of Shares	%
1	PHILLIP SECURITIES PTE LTD	565,416,600	28.44
2	DBS NOMINEES PTE LTD	104,117,100	5.24
3	RAFFLES NOMINEES (PTE) LIMITED	52,186,001	2.62
4	HSBC (SINGAPORE) NOMINEES PTE LTD	37,183,000	1.87
5	OCBC SECURITIES PRIVATE LTD	36,617,900	1.84
6	CITIBANK NOMINEES SINGAPORE PTE LTD	35,619,500	1.79
7	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	29,607,900	1.49
8	IFAST FINANCIAL PTE LTD	28,706,400	1.44
9	MAYBANK SECURITIES PTE. LTD.	28,170,400	1.42
10	UOB KAY HIAN PTE LTD	25,208,700	1.27
11	KGI SECURITIES (SINGAPORE) PTE. LTD.	25,086,700	1.26
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	20,411,500	1.03
13	ABN AMRO CLEARING BANK N.V.	16,993,900	0.85
14	TIGER BROKERS (SINGAPORE) PTE. LTD.	15,739,000	0.79
15	LEE YOW FEE	13,216,000	0.66
16	LEE CHEE SENG	11,250,000	0.57
17	OCBC NOMINEES SINGAPORE PTE LTD	9,453,800	0.48
18	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	9,296,000	0.47
19	LIM YUE HENG	9,000,000	0.45
20	TENG TECK SENG	9,000,000	0.45
	TOTAL	1,082,280,401	54.43

SHAREHOLDING STATISTICS

As at 15 March 2022

SUBSTANTIAL SHAREHOLDER

		Direct Interest		Deemed Interests	
No.	Name	No. of shares held	%	No. of shares held	%
1.	Anyang Longyu (HK) Development Co., Ltd*	–	–	502,429,900	25.27
2.	Anyang Chemical Industry Group Co., Ltd#	–	–	502,429,900	25.27
3.	Henan Energy And Chemical Industry Group Co., Ltd#	–	–	502,429,900	25.27

* Anyang Longyu (HK) Development Co., Ltd is deemed interested in 502,429,900 shares held through its nominees, Phillip Securities Pte Ltd.

\# Anyang Chemical Industry Group Co., Ltd and Henan Energy And Chemical Industry Group Co., Ltd are deemed to be interested in the shares held by Anyang Longyu (HK) Deverlopment Co., Ltd by virtue of Section 6 of the Company Act, 1967.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL SECTION B: RULES OF CATALIST

Based on information available and to the best knowledge of the Directors, as at 15 March 2022, approximately 73.02% of the ordinary shares of the Company are held by the public. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual Section B: Rules of Catalist of Singapore Exchange Securities Trading Limited.

APPENDIX I

APPENDIX I DATED 6 APRIL 2022

THIS APPENDIX I IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix I is circulated to shareholders of Jiutian Chemical Group Limited (the "**Company**") together with the Company's Annual Report for its financial year ended 31 December 2021 (the "**Annual Report**"). Its purpose is to provide shareholders of the Company with information relating to the proposed renewal of shareholders' general mandate for interested person transactions to be tabled at the Annual General Meeting of the Company to be held by way of electronic means on 28 April 2022 at 10.30 a.m..

IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately inform the purchaser or transferee or the stockbroker, bank or agent through whom the sale or transfer was effected that this Appendix I, the Notice of AGM, and the accompanying Proxy Form may be accessed via the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This Appendix I has been made available on SGXNet. A printed copy of this Appendix I will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the AGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM

Shareholders should note that the Company may make further changes to its AGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

The Ordinary Resolution proposed to be passed in respect of the proposed renewal of the shareholders' general mandate for interested person transactions is set out in the Notice of Annual General Meeting, of which is contained together with the Proxy Form in the Annual Report.

This Appendix I has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix I, including the correctness of any of the statements or opinions made or reports contained in this Appendix I.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and sponsorship@ppcf.com.sg.

九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number 200415416H)
(Incorporated in the Republic of Singapore)

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

APPENDIX I

CONTENTS

DEFINITION

In this Appendix I, the following definitions shall apply throughout unless the context otherwise requires:-

Companies, Organisations and Agencies

"Anhua"	:	Anyang Chemical Industry Group Co., Ltd., a subsidiary of HNEC
"Anhua Group"	:	Anhua and its subsidiaries and associates
"Anyang Jiulong"	:	Anyang Jiulong Chemical Co., Ltd., a subsidiary of Anhua Group and an associated company of Jiutian
"Anyang Jiutian"	:	Anyang Jiutian Fine Chemical Co., Ltd., a wholly-owned subsidiary of Jiutian
"Anyang Longyu"	:	Anyang Longyu (HK) Development Co., Ltd, a wholly-owned subsidiary of Anhua
"Anyang Yongjin"	:	Anyang Yongjin Chemical Co., Ltd., a wholly-owned direct subsidiary of HNEC
"CDP"	:	The Central Depository (Pte) Limited
"Company" or "Jiutian"	:	Jiutian Chemical Group Limited
"Henan Electric"	:	Henan Electric Power Corporation, a state-owned electricity utility company, independent from both Anhua Group and Jiutian Group
"HNEC"	:	Henan Energy and Chemical Industry Group Co., Ltd. (formerly known as Henan Coal and Chemical Group Co., Ltd.)
"Guolong Logistics"	:	Anyang Guolong Logistics Co., Ltd, a wholly-owned direct subsidiary of Anhua
"Jiutian Group"	:	For the purposes of this Appendix I, comprises the Company, its subsidiaries and its associated companies and are also Entities at Risk
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

General

"Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified or supplemented from time to time
"AGM"	:	The annual general meeting of the Company to be held by way of electronic means on 28 April 2022 at 10.30 a.m..
"Annual Report"	:	The annual report of the Company for FY2021

APPENDIX I

"Appendix I"	:	This Appendix I dated 6 April 2022
"associated company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or Jiutian Group and that it is not listed on the SGX-ST or an approved exchange. This definition shall include Anyang Jiujiu and Anyang Jiulong, both of which are as defined above) in which the Group holds
"associate"	:	(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:- (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
"Audited Accounts"	:	The audited financial statements of Jiutian Group
"Audit Committee"	:	The audit committee of the Company, comprising Mr. Chan Kam Loon, Mr. Wu Yu Liang and Mr Koh Eng Kheng Victor
"Board" or "Directors"	:	The board of directors of the Company for the time being
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual (Section B: Rule of Catalist), as amended, modified or supplemented from time to time
"controlling shareholder"	:	A person who:- (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares (excluding treasury shares and subsidiary holdings) in the company (unless the SGX-ST determines that such a person is not a controlling shareholder); or (b) in fact exercises control over a company

"Dimethylamine"	:	A type of raw material used in the manufacturing of certain pharmaceutical products, agricultural chemicals and other organic chemicals
"Entities at Risk"	:	The entities at risk who fall within the IPT Mandate, as set out in section 4.2 of this Appendix I
"FY"	:	Financial year ended 31 December
"Interested Persons"	:	(a) a director, chief executive officer, or controlling shareholder of the issuer; or (b) an associate of any such director, chief executive officer, or controlling shareholder. The interested persons of the Company who fall within the IPT Mandate are set out in section 4.2 of this Appendix I
"IPT"	:	Means a Transaction between an Entity at Risk and an Interested Person
"IPT Mandate"	:	The general mandate that was first approved by Shareholders at the extraordinary general meeting of the Company held on 16 November 2012, amended at the annual general meeting of the Company held on 29 April 2014; and last renewed at the annual general meetings of the Company held on 28 April 2021.
"Latest Practicable Date"	:	1 April 2022, being the latest practicable date prior to the printing of this Appendix I on SGXNET
"Non-interested Directors"	:	The Directors who are deemed to be non-interested in respect of and for the purpose of the IPT Mandate, namely, Mr. Lee Chee Seng, Mr. Wu Yu Liang, Mr. Chan Kam Loon, Mr. Gao Guoan, Mr. Chen Mingjin and Mr. Koh Eng Kheng Victor
"Notice of AGM"	:	The notice of AGM dated 6 April 2022
"NTA"	:	Net tangible assets
"Raw Materials Type I"	:	Includes liquid ammonia, methanol, nitrogen and carbon dioxide
"Raw Materials Type II"	:	Includes liquid coal gas, oxygen, clean water, desalinated water, recycled water and instrument air
"Recurrent IPTs"	:	The categories of transactions with the Interested Persons which fall within the IPT Mandate, as set out in sections 4.2.2(b) and 4.4 of this Appendix I
"Shares"	:	Ordinary shares in the capital of the Company

Currencies, Units and Others

"RMB"	:	Renminbi, the lawful currency of the PRC
"S$"	:	Singapore dollars, the lawful currency of the Republic of Singapore
"%"	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81F of the Securities and Future Act (Chapter 289) of Singapore ("**SFA**").

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Words importing persons shall, where applicable, include corporations.

Any reference in this Appendix I to any statue or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Appendix I shall, where applicable, have the same meaning ascribed to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless otherwise provided.

Any reference to dates and time of day in this Appendix I shall be a reference to Singapore dates and time unless otherwise stated.

APPENDIX I

LETTER TO SHAREHOLDERS

JIUTIAN CHEMICAL GROUP LIMITED
(Company Registration Number 200415416H)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr Han Lianguo *(Non-Executive and Non-Independent Chairman)*
Mr Lee Chee Seng *(Executive Director)*
Mr Zhang Hongtao *(Non-Executive and Non-Independent Director)*
Mr Wang Gang *(Non-Executive and Non-Independent Director)*
Mr Wu Yu Liang *(Non- Executive and Lead Independent Director)*
Mr Chan Kam Loon *(Non-Executive and Independent Director)*
Mr Gao Guoan *(Non-Executive and Independent Director)*
Mr Chen Mingjin *(Non-Executive and Independent Director)*
Mr Koh Eng Kheng Victor *(Non-Executive and Independent Director)*

Registered Office:

80 Robinson Road #02-00
Singapore 068898

6 April 2022

To: The Shareholders of Jiutian Chemical Group Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

1. INTRODUCTION

The Company proposes to seek the approval of its Shareholders at the AGM to be held on 28 April 2022 for the proposed renewal of the IPT Mandate, with some modifications to the interested persons and the corresponding interested person transactions. Further details will be provided in Section 4.2.2(b) below.

The Company refers to the Notice of AGM accompanying the Annual Report for FY2021 and Resolution 9 in relation to the proposed renewal of the IPT Mandate under the heading "Special Business" set out in the Notice of AGM.

The purpose of this Appendix I is to provide Shareholders with information relating to the IPT Mandate.

The proposed renewal of the IPT Mandate will authorise Jiutian Group as "entities at risk" within the meaning of Chapter 9 of the Catalist Rules, to enter in the ordinary course of business any of the mandated transactions with specific classes of the Company's interested persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, and are entered into in accordance with the review procedures for such transactions.

General information relating to Chapter 9 of the Catalist Rules is set out in Section 3 of this Appendix I.

2. PROPOSED RENEWAL OF AN IPT MANDATE

Under Chapter 9 of the Catalist Rules, a general mandate for transactions with interested persons is subject to annual renewal. The IPT Mandate was previously approved and adopted at the extraordinary general meeting of the Company held on 16 November 2012, amended at an annual general meeting of the Company held on 29 April 2014; and last renewed at the annual general meeting of the Company held on 28 April 2021.

The existing IPT Mandate will continue to be in force until the conclusion of the AGM. Accordingly, it is proposed that the IPT Mandate be renewed at the AGM, with some modifications and to take effect, unless revoked or varied by the Company in general meeting, until the next annual general meeting of the Company.

The nature of the Recurrent IPTs and the classes of Interested Persons in respect of which the IPT Mandate is sought to be renewed remain unchanged. Nevertheless, some modifications will be proposed in relation to the corresponding interested person transactions for each class of Interested Person. Further details will be provided in Section 4.2.2(b).

3. THE CATALIST RULES

3.1 Chapter 9 of the Catalist Rules

Chapter 9 of the Catalist Rules governs transactions in which a listed company or any of its subsidiaries or associated companies (known as an "**entity at risk**") enters into or proposes to enter into with a person who is an interested person of the listed company. The purpose is to guard against the risk that an interested person could influence the listed company, its subsidiaries or associated companies to enter into transactions with it that may adversely affect the interests of the listed company or its shareholders.

For the purposes of Chapter 9 of the Catalist Rules:-

3.1.1 an "**entity at risk**" means:-

(a) the listed company;

(b) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(c) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

3.1.2 an "**interested person**" means a director, chief executive officer or controlling shareholder of the listed company or an associate of any such director, chief executive officer or controlling shareholder. The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (i) a transaction with an entity at risk and (ii) an agreement or arrangement with an interested person in connection with that transaction; A primary interested person means a director, chief executive officer or controlling shareholder of the listed company.

3.1.3 an "**associate**":-

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:-

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more;

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more;

3.1.4 an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Catalist Rules; and

3.1.5 an "**interested person transaction**" means a transaction between an entity at risk and an interested person, and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

3.2 Chapter 9 of the Catalist Rules

Transactions conducted under a IPT Mandate are not separately subject to Catalist Rules 905 and 906.

An immediate announcement and/or shareholders' approval is required in respect of transactions with interested persons if the value of the transaction is equal to or exceeds certain financial thresholds.

In particular, an immediate announcement is required where:-

(a) the transaction is of a value equal to, or more than, 3% of the group's latest audited NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited NTA and as set out under Rule 905(2) of the Catalist Rules.

Further, shareholders' approval (in addition to an immediate announcement) is required where:-

(a) the transaction is of a value equal to, or more than, 5% of the group's latest audited NTA; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, 5% of the group's latest audited NTA. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation as set out under Rule 906(1)(b) of the Catalist Rules.

The above requirements for immediate announcement and/or for shareholders' approval do not apply to any transaction below S$100,000, and certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence excluded from the ambit of Chapter 9 of the Catalist Rules.

The SGX-ST should be consulted on the appropriate benchmark to calculate the relevant thresholds as set out above if the group's latest audited net tangible assets is negative, which may be based on its market capitalisation. In addition, while transactions below S$100,000 entered into with the same interested person during the same financial year are not normally aggregated, the SGX-ST may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902 of the Catalist Rules.

For the purpose of aggregation in Rules 905, 906 and 907, reference is to be made to Rule 908 of the Catalist Rules in the interpretation of the term "same interested person" as abovementioned.

Pursuant to Rule 909 of the Catalist Rules, the value of a transaction is the amount at risk to the listed company. This is illustrated by the following examples:-

(a) in the case of a partly-owned subsidiary or associated company, the value of the transaction is the listed company's effective interest in that transaction;

(b) in the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; and

(c) in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan.

(d) In the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

3.3 Illustration

For illustration purposes, based on Jiutian Group's latest Audited Accounts for FY2021, Jiutian Group's latest audited NTA as at 31 December 2021 was approximately RMB811.25 million. Accordingly, in relation to Jiutian Group, for the purposes of IPT outside of the IPT Mandate and where Rule 906 of the Catalist Rules applies, shareholders' approval is required where:-

(a) the transaction is of a value equal to, or more than, RMB40.56 million, being 5% of Jiutian Group's latest audited NTA as at 31 December 2021; or

(b) the transaction, when aggregated with other transactions entered into with the same interested person during the same financial year, is of a value equal to, or more than, RMB40.56 million. The aggregation will exclude any transaction that has been approved by shareholders previously or is the subject of aggregation with another transaction that has been approved by shareholders.

3.4 General Mandate

Part VIII of Chapter 9 of the Catalist Rules allows a listed company to seek a general mandate from its shareholders for recurrent transactions with interested persons where such transactions are of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate granted by shareholders is subject to annual renewal.

4. PROPOSED RENEWAL OF THE IPT MANDATE

4.1 Scope of the IPT Mandate

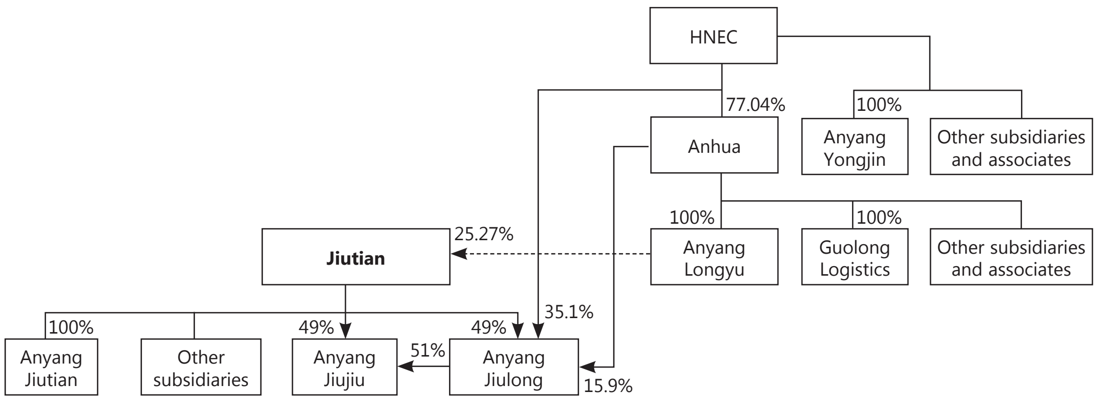
Jiutian Group and the Interested Persons are in related businesses. It is envisaged that in the ordinary course of their respective businesses, certain recurrent transactions (as more particularly set out in sections 4.2.2(b) and 4.3 of this Appendix I) between Jiutian Group, and the Interested Persons will continue to occur from time to time. The Recurrent IPTs are transactions in the ordinary course of business of Jiutian Group.

Given that the Recurrent IPTs are of a trading nature and are expected to recur and occur at any time, and due to the time-sensitive nature of these transactions, in order for Jiutian Group to undertake such transactions in a more expeditious manner, the Company is seeking the approval of its shareholders for the proposed renewal of the IPT Mandate in respect of the Recurrent IPTs provided that such transactions are made on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

4.2 Information on the Entities at Risk and the Interested Persons

4.2.1 Relationships between the Entities at Risk and the Interested Persons

As at the Latest Practicable Date, the corporate structure of Jiutian Group, Anhua Group and the relationships among them were as follows:-



Notes:-

(1) Anhua is the holding company of Anyang Longyu, a controlling shareholder of the Company.

(2) Anyang Jiulong is a joint venture between Jiutian and Anhua Group pursuant to which Anhua Group holds 51% (that is, 15.9% is held by Anhua and the balance 35.1% is held by HNEC) and Jiutian holds 49% of the registered capital of Anyang Jiulong. Accordingly, Anyang Jiulong is a subsidiary of Anhua Group and an associated company of Jiutian. Therefore, in certain circumstances, Anyang Jiulong would be deemed to be an Entity at Risk when it enters into transactions with the Interested Persons as part of Jiutian Group. It would also be deemed to be an Interested Person as being part of Anhua Group when it enters into transactions with Jiutian Group.

(3) Anyang Jiujiu is a joint venture between Jiutian and Anyang Jiulong pursuant to which Anyang Jiulong holds 51% and Jiutian holds 49% of the registered capital of Anyang Jiujiu. The effective interest of Jiutian Group in Anyang Jiujiu is therefore approximately 74%. However, it was assessed and concluded that Jiutian 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. Accordingly, Anyang Jiujiu is a subsidiary of Anhua Group and an associated company of Jiutian. Therefore, in certain circumstances, Anyang Jiujiu would be deemed to be an Entity at Risk when it enters into transactions with the Interested Persons as part of Jiutian Group. It would also be deemed to be an Interested Person as being part of Anhua Group when it enters into transactions with Jiutian Group.

4.2.2 Classes of the Entities at Risk and the Interested Persons

(a) *Background*

As at the Latest Practicable Date, Anyang Longyu holds 502,429,000 Shares through its nominee, Philip Securities Pte. Ltd., representing approximately 25.27% of the issued share capital of the Company.

Anyang Longyu is a wholly-owned subsidiary of Anhua, a state-owned enterprise incorporated in Anyang, Henan Province, PRC. Anhua is in turn a subsidiary of HNEC. HNEC is one of the PRC's most significant coal mining companies and a significant manufacturer in the chemical industry. As such, all transactions entered into by Anhua Group (which includes Anyang Jiulong as subsidiary), Guolong Logistics (subsidiary of Anhua) and Anyang Yongjin (subsidiary of HNEC) (as interested person are associates of controlling shareholder, Anyang Longyu) with Jiutian Group (which includes Anyang Jiutian, Anyang Jiulong and Anyang Jiujiu as Entities at Risk) are interested person transactions under Chapter 9 of the Catalist Rules.

Anhua has been a key supplier of raw materials to Jiutian Group since 2005 pursuant to a 20-year supply agreement that was entered into between Anyang Jiutian and Anhua commencing on 1 January 2005 and expiring on 31 December 2024 (the "**Supply Agreement**"). The term of the Supply Agreement is renewable on the 18th year for a further period of 20 years through negotiations between Jiutian Group and Anhua.

Pursuant to the Supply Agreement, Anhua has been supplying

(a) liquid coal gas, liquid ammonia, water, electricity, meter running gas, industrial steam and nitrogen to Jiutian Group's dimethylformamide and methylamine workshops;

(b) liquid coal gas, water, electricity, industrial steam, meter gas and nitrogen to Jiutian Group's methanol workshop and

(c) carbon dioxide, oxygen, production water, electricity and industrial steam to Jiutian Group's gas workshop.

The prices for all the raw materials and services to be supplied by Anhua under the Supply Agreement are not fixed and are subject to negotiations between Jiutian Group and Anhua. Anyang Jiutian also has the right, under the Supply Agreement, to purchase raw materials directly from other third parties.

With the Supply Agreement, Jiutian Group can be assured of a stable supply of its essential raw materials in accordance with its standards and specifications. Another advantage of the Supply Agreement is that Jiutian Group will not be charged by Anhua for any transportation costs for the raw materials supplied due to the close proximity of the factories of Anhua and Jiutian Group.

(b) *List of Entities at Risk and Interested Persons*

Pursuant to Chapter 9 of the Catalist Rules the list of the Entities at Risk and the Interested Persons and the types of transactions which are covered under the IPT Mandate are as follows:

(i) Entities at Risk (as defined under Chapter 9 of the Catalist Rules)

Jiutian Group

(ii) Interested Persons

Anhua, Anyang Yongjin, Guolong Logistics and/or Anyang Jiulong

4.3 Categories of the Recurrent IPTs

The IPT Mandate will include all transactions set out in section 4.2.2(b) of this Appendix I which are recurrent transactions of revenue or trading nature or those which are necessary for the day-to-day operations of Jiutian Group. The categories of the Recurrent IPTs which are covered by the IPT Mandate include the following:-

4.3.1 *(i)* *Transactions A – Purchase of Raw Materials Type I*

Jiutian Group currrently purchases Raw Materials Type I from Interested Persons to produce its chemical products. Due to the close proximity of the factories of Jiutian Group and Interested Persons, these raw materials are being delivered to the factories of Jiutian Group via pipelines without any transportation costs being incurred by Jiutian Group

Jiutian Group is able to purchase Raw Materials Type I from unrelated third parties. However, purchasing such raw materials from unrelated third parties will be much higher as transportation costs will be incurred to store these raw materials in either storage bottles or tanks and transporting them to the factories of Jiutian Group via trucks.

The prices of raw materials under Raw Materials Type I purchased from Interested Persons are not less favourable than those purchased from unrelated third parties taking into account industry norms such as transportation costs and the payment terms that may include cash or credit or notes receivable.

(ii) *Transactions A – Purchase of Raw Materials Type II*

Jiutian Group is unable to either obtain quotes or purchase Raw Materials Type II from unrelated third parties. It is usual for most factories in the PRC to produce such raw materials for their own use.

Since 2005, Jiutian Group has been purchasing Raw Materials Type II from Interested Persons under the Supply Agreement. If these raw materials are not supplied by Interested Persons, Jiutian Group would incur heavy capital expenditures to produce the same using its own facilities. It is also cost efficient for Jiutian Group to obtain these raw materials from Interested Persons as opposed to factories from neighbouring towns as the said raw materials would be transported to the factories of Jiutian Group through pipelines without any transportation costs being incurred if such purchases were made. There are also no other factories which are in the vicinity of the factories of Jiutian Group for such raw materials to be supplied via pipelines. Jiutian Group will incur transportation costs for purchasing the same from unrelated third parties.

Jiutian Group purchases liquid coal gas, oxygen and instrument air from Interested Persons based on the prices computed by Jiutian Group using the Technical Cost Conversion Formulae.

The prices of such raw materials are determined based on the unit production costs of Anhua, Anyang Yongjin and/or Guolong Logistics for the said raw materials with a mark-up of 5% (the "**Production Cost Method**") to cover the 5% sales tax that is payable by Interested Persons to the PRC authorities for such sale of raw materials to Jiutian Group.

4.3.2 Transactions B – Purchase of electricity and industrial steam

Jiutian Group purchases electricity from Interested Persons which is delivered to Jiutian Group's factories via power lines without incurring delivery costs.

The only other vendor in the vicinity which supplies electricity is Henan Electric, a state-owned electricity utility company which supplies electricity to the public in the Henan province of the PRC.

The unit price of electricity purchased by Jiutian Group from Interested Persons will not be higher than the unit price of electricity quoted by Henan Electric.

In addition, the purchase of electricity from Interested Persons is comparatively more cost effective than to incur costs to build an electricity substation and to install new power lines so as to receive electricity from Henan Electric.

Due to the close proximity of the factories of Jiutian Group with that of the Interested Persons. Jiutian Group is able to purchase industrial steam from Interested Persons which is delivered via pipelines and without incurring transportation costs.

In addition, the purchase of industrial steam from Interested Persons is comparatively more cost effective compared to investing heavy capital expenditure for the building of steam boilers to produce industrial steam internally.

There are no other factories which are in the vicinity of Jiutian Group's factories for industrial steam to be supplied via pipelines and Jiutian Group will incur transportation costs for purchasing the same from unrelated third parties. It is not practicable for industrial steam to be transported via trucks or long distance pipes.

Jiutian Group uses the relevant Technical Cost Conversion Formula in arriving at the purchase price of industrial steam.

It is not practicable for Jiutian Group to obtain quotations from unrelated third parties for the purchase of industrial steam as typically, chemical companies would have their own steam boilers to produce for their own use.

4.3.3 Transactions A and C – Purchase and/or sale of Repair Materials

Jiutian Group purchases repair materials from Interested Persons which are necessary for carrying out repairs and maintenance work on its factories in the PRC (the "**Repair Materials**"). These Repair Materials include steel materials, cement and related materials. Taking into account industry norms such as the prevailing market conditions, the nature of the Repair Materials, the order quantity, the discount or rebates for bulk purchases, transportation cost and credit terms, the prices paid for the Repair Materials which are purchased from Interested Persons are not less favourable than those purchased from unrelated third parties.

Interested Persons may also purchase these Repair Materials from Jiutian Group when Interested Persons is in need of such materials and Jiutian Group have excess stock of the same. These materials will be sold to Interested Persons at prevailing market prices which are determined by comparing the sale price of such materials against the quotations which Jiutian Group obtain from at least two unrelated third parties.

4.3.4 Transaction D – Sale of electricity and industrial steam

Jiutian Group has been selling electricity and industrial steam to Interested Persons since September 2010.

The unit price of electricity when purchases are made by Interested Persons from Jiutian Group will not be higher than the unit price of electricity as quoted by Henan Electric.

The selling price for the industrial steam is determined by Jiutian Group using the Technical Cost Conversion Formulae.

Electricity and industrial steam are respectively delivered to the factories of Interested Persons via power lines and pipelines without any transportation costs being imposed.

4.3.5 Transactions E – Sale of Dimethylamine

Dimethylamine is one of the products which Jiutian Group produces and sells to third parties in its ordinary course of business. Jiutian Group started selling Dimethylamine to Interested Persons since 28 February 2013.

When selling Dimethylamine to Interested Persons, the sale price and terms of the sale will be comparable and not less favourable to prevailing prices which Jiutian Group sells to unrelated third parties.

4.3.6 Transactions F and G – Rental and/or lease of equipment

Jiutian Group and Interested Persons, from time to time, lease and/or rent equipment from each other whenever the need arises. Additional equipment may be required by the parties due to higher production requirements as a result of an increase in their purchase orders or where certain equipment is under maintenance.

Jiutian Group leased part of its facilities in the methanol workshop to Interested Persons who uses the said facilities to process certain gases for their own use.

Other examples of equipment which were leased by Jiutian Group rented from Interested Persons include compressors and storage tanks which are necessary and critical in the chemical industry. Each of Jiutian Group and Interested Persons have their own compressors and storage tanks and whenever there is a shortage of capacity due to higher production requirements or maintenance issues, Jiutian Group and Interested Persons will lease to and/or rent such equipment from each other.

The equipment for rental is usually bulky in size, customised for the production of chemicals and there is no market for the rental of such equipment. The rental rate shall be the depreciation rate of the equipment with a markup of 10% which consists of maintenance related administrative expenses (7.5%) and taxes (2.5%) that is to be borne by the lessor in connection therewith.

4.4 The Technical Cost Conversion Formulae

Jiutian Group had, from March 2012, adopted the Technical Cost Conversion Formulae for the purposes of determining the prices of certain raw materials and to ensure the reasonableness of the

(i) purchase prices of liquid coal gas, oxygen and instrument air from Interested Persons; and

(ii) price of industrial steam when it purchases or sells industrial steam from or to Interested Persons.

The Technical Cost Conversion Formulae takes into account factors such as the component cost of the raw materials and the quantity of each component that is required to produce every unit of the raw material. The Directors of Jiutian are of the view that the Technical Cost Conversion Formulae will ensure that the purchase price of the aforesaid raw materials are reasonable and are not prejudicial to the interests of the Company and its minority Shareholders as the Technical Cost Conversion Formulae do not favour Jiutian Group or its Interested Persons. The purchase of raw materials from the Interested Persons also results in cost savings to the Entities at Risk as no transportation costs is incurred by the Entities at Risk when it purchases raw materials from the Interested Persons.

Each of the Technical Cost Conversion Formulae was formulated by Wuhuan Engineering Co., Ltd. ("**Wuhuan Engineering**"), an independent technical consultant in the PRC, not related in any way to Jiutian Group or its Interested Persons. Wuhuan Engineering is an engineering consulting, design and contracting enterprise of chemical petrochemical and medical industries with all class A certificates in the PRC. Further information about Wuhuan Engineering and the services provided by them can be found at their website at www.cwcec.com.

4.5 The Production Cost Method

Jiutian Group uses the Production Cost Method in arriving at the prices of clean water, desalinated water and recycled water.

The Production Cost Method uses the unit production cost of Interested Persons for the said raw materials with a mark up of 5% to cover the tax that is payable by Interest Persons to the PRC authorities on the sale of raw materials to Jiutian Group.

In order to ensure that the prices of the raw materials, whereby the Production Cost Method is used, are fair and reasonable, the local finance team (which includes the Group Financial Controller) of Jiutian Group will request for the costing report of such raw materials from Interested Persons and reviews the key component costs of the raw materials. As all of Jiutian Group and Interested Persons are in related businesses, Jiutian Group is able to review and determine whether the production costs for the aforesaid raw materials are reasonable.

Jiutian Group has and will continue to use the Production Cost Method in arriving at the prices of clean water, desalinated water and recycled water as Wuhuan Engineering does not have the requisite expertise to formulate the technical formulae for arriving at the prices of such materials.

The Directors of Jiutian are of the view that the Production Cost Method will continue to ensure that the purchase price of the aforesaid raw materials are reasonable and are not prejudicial to the interests of the Company and its minority Shareholders as Jiutian Group are able to, on their own, determine the unit production cost of the aforesaid raw materials thereby ensuring that the prices quoted by Interested Persons are reasonable. Moreover, when Jiutian Group purchases such raw materials from Interested Persons, it does not incur any transportation costs and that results in savings to Jiutian Group.

Any inefficiencies in the production of the aforesaid raw materials by Interested Persons will invariably add to the cost of production for which Jiutian Group will have to bear. Notwithstanding such cost increase, Jiutian Group still has to purchase the aforesaid raw materials from Interested Persons because it is not possible for Jiutian Group to purchase them from unrelated third parties that are in the vicinity of their factories. To purchase the aforesaid raw materials from the nearest neighbouring town will require Jiutian Group to install 3 waterlines to receive the aforesaid raw materials.

The management of the Company, together with the Audit Committee, will constantly monitor the volume of purchases of the aforesaid raw materials from Interested Persons, and consider accordingly if the installation of the 3 waterlines to receive the aforesaid raw materials is commercially justifiable.

4.6 Rationale for and benefits of the IPT Mandate

The Directors believe that the IPT Mandate is in the best interests of Jiutian Group for the following reasons:-

(a) the Directors are of the view that it is beneficial to Jiutian Group to continue to transact with Interested Persons as they do not incur any transportation costs if they purchase the raw materials from Interested Persons as opposed to purchasing the same from unrelated third parties;

(b) there are certain raw materials such as industrial steam, clean water, desalinated water and recycled water which are to be procured from facilities which are near to the factories of Jiutian Group and there are no other nearby facilities which offers such an option;

(c) timely delivery is an essential element in the businesses of Jiutian Group. If the Company is required to seek shareholders' approval on each occasion it deals with the Interested Persons, it would not be commercially viable for the Interested Persons to transact with Jiutian Group. The IPT Mandate would facilitate such transactions with the Interested Persons being carried out in a timely manner; and

(d) the Recurrent IPTs will occur from time to time at differing intervals. The IPT Mandate and the subsequent renewals on an annual basis will eliminate the need to prepare and make announcements and/or convene separate general meetings on a continual basis to seek prior shareholders' approval for the entry into these transactions. This will reduce the time and expenses which would otherwise be incurred to convene general meetings on an ad hoc basis and allow such resources and time to be channelled towards the Company's other corporate and business objectives.

4.7 Guidelines and Review Procedures for the Recurrent IPTs under the IPT Mandate

4.7.1 The Company has established the following procedures to ensure that the Recurrent IPTs are undertaken on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. In general, these are procedures established by the Company to ensure that the Recurrent IPTs are undertaken on normal commercial terms consistent with the usual business practices and policies of Jiutian Group, which are generally no more favourable to the Interested Persons than those extended to or by unrelated third parties.

The guidelines and review procedures for each type of the Recurrent IPTs are as follows:-

(a) Transactions A and B

(i) Purchase of Raw Materials Type I and/or Repair Materials

When Jiutian Group purchases Raw Materials Type I which are readily available in the market and/or Repair Materials from Intested Persons, two other quotations from unrelated third parties will be obtained for comparison to ensure that such Recurrent IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The purchase price for Raw Materials Type I and/or the Repair Materials shall not be higher than the most competitive price offered by two other unrelated third parties, and all pertinent factors, including but not limited to quality, specifications and requirements, duration of contracts, reliability in delivery and track record will be taken into consideration.

In addition, the credit terms obtained from Interested Persons shall not be less favourable than those obtained from unrelated third parties. The payment terms to Interested Persons can range from advance payment to payment due in 7days after the invoice date. The advance payment terms are provided in order for Jiutian Group to secure its purchase of Raw Materials Type I to ensure no interruption to the continuous operation of its production plants. The advance payment amount is limited up to 2 months of prior year average monthly value of purchases of Raw Materials Type I from Interested Persons.

(ii) Purchase of Raw Materials Type II

When Jiutian Group purchases Raw Materials Type II from Interested Persons whereby it is not practicable to transact with unrelated third parties, Jiutian Group uses the Technical Cost Conversion Formulae or the Production Cost Method to ensure that the prices of Raw Materials Type II are reasonable and are not prejudicial to the interests of the Company and its minority shareholders.

When purchasing liquid coal gas, oxygen and instrument air from Interested Persons, Jiutian Group uses the relevant Technical Cost Conversion Formula in arriving at the prices of such raw materials.

When purchasing clean water, desalinated water and recycled water from Interested Persons, Jiutian Group uses the Production Cost Method to arrive at the prices of such raw materials.

In purchasing raw materials which involves the use of the Production Cost Method, the Group Financial Controller of Jiutian Group will request for the costing report from Interested Persons and reviews the key component costs of the raw materials. As all of Jiutian Group and Interested Persons are in related businesses, Jiutian Group is able to review and determine whether the production cost of Interested Persons for the aforesaid raw materials are reasonable. This ensures that the prices quoted by Interested Persons are reasonable and are of a markup of 5% of the unit production cost of Interestes Persons. Interested Persons pays approximately 5% tax on sale of raw materials to Jiutian Group and the 5% markup is to cover the tax that is payable by Interested Persons to the PRC authorities.

The payment terms to Interested Persons can range from advance payment to payment due in 7days after the invoice date. The advance payment terms are provided in order for Jiutian Group to secure its purchase of Raw Materials Type II to ensure no interruption to the continuous operation of its production plants. The advance payment amount is limited up to 2 months of prior year average monthly value of purchases of Raw Materials Type II from Interested Persons.

Monthly reports are prepared by (i) the local team of each of the subsidiaries of the Company and (ii) the local finance team of Anyang Jiulong and the Group Financial Controller of the Company will review the costing and the setting of the prices for such raw materials. Thereafter, a report containing details of the transaction and the prices of the raw materials is provided to the Audit Committee for its approval.

(iii) Purchase of electricity and industrial steam

When purchasing electricity from Interested Persons, Jiutian Group will compare the unit price of electricity quoted against the unit price of electricity as quoted by Henan Electric to ensure that such Recurrent IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The unit price of electricity when purchases are made by Jiutian Group shall not be higher than the unit price of electricity offered by Henan Electric. In addition, the credit terms obtained for the purchase of electricity shall not be less favourable than those obtained from Henan Electric.

When purchasing industrial steam from Interested Persons, Jiutian Group uses the Technical Cost Conversion Formula in arriving at the price of industrial steam.

The payment terms to Interested Persons can range from advance payment to payment due in 7days after the invoice date. The advance payment terms are provided in order for Jiutian Group to secure its purchase of electricity and industrial steam to ensure no interruption to the continuous operation of its production plants. The advance payment amount is limited up to 2 months of prior year average monthly value of purchases of electricity and industrial steam from Interested Persons.

(b) Transactions C and D

(i) *Sale of Repair Materials*

When selling the Repair Materials which are in excess of the needs of Jiutian Group to Interested Persons, the sale price and terms of the sale will not be lower or less favourable to prevailing market prices quoted by unrelated third parties.

Jiutian Group will obtain quotations from at least two unrelated third parties selling such materials for comparison to ensure that such Recurrent IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

(ii) *Sale of electricity and industrial steam*

When selling electricity to Interested Persons, Jiutian Group will compare its unit selling price of electricity against the unit price of electricity as quoted by Henan Electric to ensure that such Recurrent IPTs are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

The unit price of electricity sold to Interested Persons from Jiutian Group shall not be lower than the unit price of electricity offered by Henan Electric.

When selling industrial steam to Interested Persons, the price of the industrial steam shall be determined by Jiutian Group using the Technical Cost Conversion Formula.

The credit terms offered to Interested Persons can range from advance payment to payment due in 7days after the invoice date. The advance payment amount is limited up to 2 months of prior year average monthly sales of electricity and industrial steam to Interested Persons.

(c) Transaction E - Sale of Dimethylamine

When selling Dimethylamine to Interested Persons, Jiutian Group will compare the sale price and terms of the sale against its sale, in the same month, of Dimethylamine to unrelated third parties to ensure that the sale price and terms of the sale will not be lower or will not be less favourable compared to prevailing prices which Jiutian Group sells to unrelated third parties.

This seeks to ensure that the sale of Dimethylamine to Interested Persons are conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

(d) Transaction F and G - Rental and/or lease of equipment

When renting and/or leasing of equipment from/to Interested Persons, the rental rate of the equipment shall be based on the depreciation rate of the equipment with a mark-up of 10% consisting of maintenance related administrative expenses (7.5%) and taxes (2.5%) to be borne by the lessor in connection therewith.

The depreciation policy of the subsidiaries of Jiutian Group in the PRC and that of the Interested Persons are similar as tax allowance for capital assets are unified in the PRC.

There is currently no market for the rental of such equipment and the Audit Committee is of the view that the formula for computing the rate for rental or lease of equipment from/to Interested Persons is fair and reasonable.

4.7.2 All Recurrent IPTs must be consistent with the usual business practices and policies of Jiutian Group. The following additional guidelines and review procedures are also undertaken by Jiutian Group to ensure that the Recurrent IPTs are carried out on normal commercial terms and in accordance with the procedures of the IPT Mandate:-

(a) any single transaction or the aggregate value of all transactions entered into with the same Interested Person in the same financial year is of a value less than RMB500,000 will be reviewed and approved by the Group Financial Controller of the Company and/or a general manager of the Company (who shall not be interested in respect of the particular transaction) as designated by the Audit Committee prior to entering into the transaction;

(b) any single transaction or the aggregate value of all transactions entered into with the same Interested Person in the same financial year is of a value between RMB500,000 but less than RMB20 million will be reviewed and approved jointly by the Acting Chief Executive Officer and the Group Financial Controller of the Company prior to entering into the transaction. In the event that any of the said persons is not available, an appropriate senior executive approved by the Audit Committee will be appointed in the interim;

(c) where any single transaction or the aggregate value of all transactions entered into with the same Interested Person in the same financial year is equal to or more than RMB20 million, such transactions will be reviewed by the Audit Committee of the Company prior to entering into the transaction;

(d) in the event that a person is interested in any transaction to be entered into with an Interested Person, he shall abstain from participating in the review and/or approval of that particular transaction;

(e) the Company maintains a register for all transactions (including those less than S$100,000) entered into with the Interested Persons (the "Register") recording the basis, aggregation of transaction with the same interested person pursuant to Rule 908 of the Catalist Rules, including, if applicable, the quotations obtained to support such basis, on which they were entered into and the person who has approved the transaction;

(f) the Company shall, on a quarterly basis, report and forward the Register to the Audit Committee on all transactions entered into with the Interested Persons during the preceding quarter. The Audit Committee shall review such Recurrent IPTs at its quarterly meetings, save for those transactions which have been previously approved by the Audit Committee during the financial year, to ensure that the Recurrent IPTs are carried out on normal commercial terms and in accordance with the guidelines and review procedures of the IPT Mandate. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee shall, when it deems fit, have the right to require the appointment of independent sources, advisers and/or valuers to provide additional information pertaining to the transaction under review;

(g) the Company's annual internal audit plan shall incorporate a review of all Recurrent IPTs including the established review procedures for the monitoring of such transactions entered into during the same financial year pursuant to the IPT Mandate;

(h) the Audit Committee shall also, on a yearly basis, review the internal audit report to ascertain whether the guidelines and review procedures established to monitor the Recurrent IPTs have been complied with and whether the established guidelines and review procedures continue to be adequate and/or commercially practicable in ensuring that the Recurrent IPTs are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders; and

(i) a new general mandate from shareholders shall be sought if the periodic reviews by the Audit Committee indicate that the existing guidelines and review procedures have become inappropriate or insufficient to ensure that the Recurrent IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

4.7.3 Most of the Recurrent IPTs with the Interested Persons are expected to be in the range of RMB500,000 and RMB20 million. As such, it is prudent that the Recurrent IPTs within the said range are reviewed and approved jointly by the Acting Chief Executive Officer and the Group Financial Controller of the Company. As a further control element, the Recurrent IPTs are subject to further review by the Audit Committee in the event that the value of a transaction or aggregate value of all transactions entered into with the same Interested Person in the same financial year is equal to or exceeds RMB20 million. In such a situation, the Group Financial Controller of the Company shall forward the list of the Recurrent IPTs and the basis of the transactions to the Audit Committee for its review prior to entering into such transactions.

4.7.4 The Audit Committee believes that the above guidelines and review procedures are sufficient to ensure that the Recurrent IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Audit Committee will obtain a fresh mandate from shareholders if the above guidelines and review procedures become inappropriate.

4.7.5 In the event that the Audit Committee is of the view that a new general mandate shall be sought from the shareholders, all transactions to be entered into with the Interested Persons during the interim shall be subject to the review and approval of the Audit Committee, to ensure that such transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

4.8 Statement of the Audit Committee

Pursuant to Rule 920(1)(c) of the Catalist Rules, the Audit Committee confirms that:-

(a) the methods and review procedures for determining the transaction prices of the Recurrent IPTs in the IPT Mandate have not changed since the last Shareholders' approval on 28 April 2021; and

(b) the methods and review procedures in section 4.8(a), are sufficient to ensure that the Recurrent IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

4.9 Validity Period of the IPT Mandate

If approved at the AGM, the IPT Mandate will take effect from the date of the passing of the ordinary resolution approving the renewal of the IPT Mandate and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the next annual general meeting of the Company.

Approval from the shareholders will be sought for the renewal of the IPT Mandate at each subsequent annual general meeting of the Company subject to satisfactory review by the Audit Committee of its continued application to the transactions with the Interested Persons.

4.10 Disclosure in the annual report

The Company will announce the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate for the relevant financial periods which the Company is required to report on pursuant to the Catalist Rules and within the time frame required for the announcement of such reports.

Disclosure will also be made in the Company's annual report of the aggregate value of transactions conducted with the Interested Persons pursuant to the IPT Mandate during the financial year, and in the annual reports for subsequent financial years that the IPT Mandate continues to be in force, in accordance with the requirements of Chapter 9 of the Catalist Rules.

The names of each Interested Person and the corresponding aggregate value of the transactions entered with the same Interested Person during the financial year under review will be presented in the following format:-

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions entered during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in this Appendix I, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the proposed renewal of the IPT Mandate other than through their respective shareholdings and/or directorships in the Company.

6. SHAREHOLDING INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and substantial shareholders of the Company in the Shares as at the Latest Practicable Date, as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Act, were as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
Directors				
Han Lianguo	–	–	–	–
Lee Chee Seng(2)	11,250,000	0.57	22,419,000	1.13
Wu Yu Liang	300,000	0.02	–	–
Chan Kam Loon	–	–	–	–
Gao Guoan	–	–	–	–
Zhang Hongtao	–	–	–	–
Wang Gang	–	–	–	–
Chen Mingjin	–	–	–	–
Koh Eng Kheng Victor	–	–	–	–
Substantial Shareholders				
Anyang Longyu(3)	–	–	502,429,900	25.27
Anhua(4)	–	–	502,429,900	25.27
HNEC(4)	–	–	502,429,900	25.27

Notes:

(1) Based on the issued share capital of 1,988,444,000 Shares as at the Latest Practicable Date.

(2) Lee Chee Seng is deemed interested in 19,419,000 shares held through his indirect nominee, Credit Suisse AG, Singapore Branch and 3,000,000 shares held through his nominee KGI Securities (Singapore) Pte. Ltd.

(3) Anyang Longyu is deemed interested in 502,429,900 Shares held through its nominee, Phillip Securities Pte Ltd.

(4) Anhua and HNEC is deemed to be interested in the shares held by Anyang Longyu by virtue of Section 6 of the Company Act, Cap 50.

7. ANNUAL GENERAL MEETING

The AGM, notice of which is contained in the Annual Report of the Company, will be held on 28 April 2022 by way of electronic means at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, Resolution 9 relating to the proposed renewal of the IPT Mandate.

8. NON-INTERESTED DIRECTORS' RECOMMENDATION

As Mr. Han Lianguo, Mr. Zhang Hongtao and Mr. Wang Gang are nominee directors of HNEC on the Board of the Company, each of them will abstain from making any recommendation to the shareholders on Resolution 9 relating to the proposed renewal of the IPT Mandate. Accordingly, the Non-interested Directors (who are considered to be independent for the purposes of making a recommendation to the shareholders in respect of the proposed renewal of the IPT Mandate) are Mr. Lee Chee Seng, Mr. Wu Yu Liang, Mr. Chan Kam Loon, Mr. Gao Guoan, Mr. Chen Mingjin and Mr. Koh Eng Kheng Victor. Save as disclosed herein, none of the Directors has any interest, direct or indirect, in the proposed renewal of the IPT Mandate other than through their respective Shareholdings and/or directorships in the Company.

Having fully considered, among others, the terms, rationale and the benefits of the IPT Mandate to Jiutian Group as set out in this Appendix I, the Non-Interested Directors are of the view that the proposed renewal of the IPT Mandate is in the best interests of the Company and, accordingly, they recommend that Shareholders vote in favour of Resolution 9 relating to the proposed renewal of the IPT Mandate at the AGM.

9. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings via live webcast or listening to the AGM proceedings via live audio feed; (b) submitting questions in advance of the AGM; and/or (c) voting by appointing the Chairman of the AGM as his proxy to attend, speak and vote on his behalf at the AGM.

Shareholders should refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.

10. ABSTENTION FROM VOTING IN CONNECTION WITH THE PROPOSED RENEWAL OF THE IPT MANDATE

Rule 919 of the Catalist Rules provides that interested persons and their associates must not vote on any shareholders' resolution approving any mandate in respect of any interested person transactions nor accept appointments as proxies unless specific instructions as to voting are given.

Accordingly, Anyang Longyu will abstain from voting its shareholding, and undertakes to ensure that its associates will abstain from voting, in respect of Resolution 9 relating to the proposed renewal of the IPT Mandate at the AGM. Further, Anyang Longyu undertakes to decline, and shall ensure that its associates shall decline, to accept appointment as proxies to vote in respect of Resolution 9 unless the shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the AGM for the said resolution. In addition, Mr. Han Lianguo, Mr. Zhang Hongtao and Mr. Wang Gang have also undertaken to decline to accept appointment as proxies to vote in respect of Resolution 9 unless the Shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the AGM in respect of the said resolution.

11. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix I and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix I constitutes full and true disclosure of all material facts about the proposed renewal of the IPT Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix I misleading.

Where information in this Appendix I has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Appendix I in its proper form and context.

12. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 during normal business hours from the date hereof up to and including the date of the AGM:-

(a) the Constitution of the Company; and

(b) the Technical Cost Conversion Formulae.

Yours faithfully
for and on behalf of the Board of Directors of Jiutian Chemical Group Limited

Lee Chee Seng
Executive Director

APPENDIX II

APPENDIX II DATED 6 APRIL 2022

THIS APPENDIX II IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Appendix II is circulated to shareholders of Jiutian Chemical Group Limited (the "**Company**") together with the Company's Annual Report for its financial year ended 31 December 2021 (the "**Annual Report**"). Its purpose is to provide shareholders of the Company with information relating to, and to seek their approval for the proposed renewal of the share buyback mandate to be tabled at the Annual General Meeting of the Company to be held by way of electronic means on 28 April 2022 at 10.30 a.m.

IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of the Company, you should immediately inform the purchaser or transferee or the stockbroker, bank or agent through whom the sale or transfer was effected that this Appendix I, the Notice of AGM, and the accompanying Proxy Form may be accessed via the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

This Appendix II has been made available on SGXNet. A printed copy of this Appendix II will NOT be despatched to Shareholders.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders who pre-register to participate at the AGM by (a) observing and/or listening to the proceedings via "live" audio-visual webcast or "live" audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the AGM; and/or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM

Shareholders should note that the Company may make further changes to its AGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

The Ordinary Resolution proposed to be passed in respect of the proposed renewal of the share buyback mandate is set out in the Notice of Annual General Meeting. The Notice of Annual General Meeting and the Proxy Form are contained in the Annual Report.

This Appendix II has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Appendix II, including the correctness of any of the statements or opinions made or reports contained in this Appendix II.

The contact person for the Sponsor is Ms Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and sponsorship@ppcf.com.sg.

九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED

JIUTIAN CHEMICAL GROUP LIMITED
(Company Registration Number 200415416H)
(Incorporated in the Republic of Singapore)

APPENDIX IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

APPENDIX II

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APPENDIX II

DEFINITIONS

In this Appendix II, the following definitions shall apply throughout unless the context otherwise requires:-

"ACRA"	:	Accounting and Corporate Regulatory Authority of Singapore
"AGM"	:	The annual general meeting of the Company to be held by way of electronic means on 28 April 2022 at 10.30 a.m.
"Anyang Longyu"	:	Anyang Longyu (HK) Development Co., Ltd.
"Annual Report"	:	The annual report of the Company for the financial year ended 31 December 2021
"Appendix II"	:	This Appendix II dated 6 April 2022
"associated company"	:	A company in which at least 20% but not more than 50% of its shares are held by the Company or the Group and shall include Anyang Jiujiu Chemical Technology Co., Ltd in which the Group holds 74% of its registered capital (direct interest of 49% and indirect interest of 25%) but over which the Company has significant influence but not control or joint control over the financial and operating policies of the said company.
"Board" or "Directors"	:	The board of directors of the Company as at the Latest Practicable Date
"Catalist"	:	The sponsor-supervised listing platform of the SGX-ST
"Catalist Rules"	:	The SGX-ST Listing Manual (Section B: Rules of Catalist), as amended, modified or supplemented from time to time
"CDP"	:	The Central Depository (Pte) Limited
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended or modified or supplemented from time to time
"Company"	:	Jiutian Chemical Group Limited
"Constitution"	:	The Constitution of the Company, as amended or modified or supplemented from time to time
"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting Shares in the Company; or (b) in fact exercise control of the Company
"EPS"	:	Earnings per Share
"Group"	:	The Company, its subsidiaries and its associated companies

"HNEC"	:	Henan Energy and Chemical Industry Group Co., Limited
"Latest Practicable Date"	:	1 April 2022, being the latest practicable date prior to the printing of this Appendix II
"Market Day(s)"	:	A day or days on which the SGX-ST is open for trading in securities
"Notice of AGM"	:	The notice of AGM dated 6 April 2022
"NTA"	:	Net tangible assets
"Relevant Period"	:	The period commencing from the date of AGM on which the ordinary resolution relating to the proposed renewal of the Share Buyback Mandate is passed and expiring on the date on which the next annual general meeting of the Company is held or required by law to be held, or the date on which the share buybacks are carried out to the full extent mandated or the date the said mandate is revoked or varied by the Company in a general meeting
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified or supplemented from time to time
"Share Buyback"	:	The purchase or acquisition of issued Share(s) by the Company pursuant to the terms of the Share Buyback Mandate
"Share Buyback Mandate"	:	The general and unconditional mandate given by the Shareholders to authorise the Directors to exercise all powers of the Company to purchase or otherwise acquire, on behalf of the Company, issued Shares in accordance with the terms of the Share Buyback Mandate set out in this Appendix II as well as the rules and regulations set forth in the Companies Act and the Catalist Rules
"Shareholders"	:	Registered holders of Shares, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares and where the context so admits, mean the persons named as Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
"Shares"	:	Ordinary shares in the capital of the Company
"SIC"	:	The Securities Industry Council of Singapore
"Sponsor"	:	PrimePartners Corporate Finance Pte. Ltd.
"subsidiary"	:	A company being a subsidiary of the Company, as defined by Section 5 of the Companies Act
"Subsidiary Holdings"	:	Shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act

"Substantial Shareholder"	:	A person who has an interest in voting Shares of the Company and the total votes attached to that Share, or those Shares, are not less than 5% of the total votes attached to all voting Shares in the Company
"Take-over Code"	:	The Singapore Code on Take-overs and Mergers as may be amended or modified or supplemented from time to time
"Treasury Shares"	:	Shares purchased by the Company pursuant to the Share Buyback Mandate and held by the Company in accordance with Section 76H of the Companies Act and have since purchase been continuously held by the Company
"RMB" and "RMB cents"	:	Renminbi dollars and cents, the lawful currency of the People's Republic of China ("PRC")
"S$" and "cents"	:	Singapore dollars and cents, the lawful currency of Singapore
"%" or "per cent."	:	Per centum or percentage

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons shall, where applicable, include corporations.

Any reference in this Appendix II to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules or the Take-over Code or any modification thereof and not otherwise defined in this Appendix II shall, where applicable, have the same meaning ascribed to it under the Companies Act, the Catalist Rules or the Take-over Code or such modification thereof, as the case may be, unless the context otherwise requires.

Any reference to date and time of day in this Appendix II shall be a reference to Singapore date and time unless otherwise stated.

All discrepancies in figures in tables included in this Appendix II between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Appendix II, unless otherwise stated, the exchange rate of S$1.00 to RMB4.62692 has been used to convert Singapore dollars to Renminbi dollars and vice versa. The said exchange rate has been presented solely for information only and should not be construed as a representation that the said exchange rate could have been, or could be, converted into the respective currencies, at any particular rates, the rate stated, or at all.

LETTER TO SHAREHOLDERS

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number 200415416H)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr Han Lianguo *(Non-Executive and Non-Independent Chairman)*
Mr Lee Chee Seng *(Executive Director)*
Mr Wu Yu Liang *(Non- Executive and Lead Independent Director)*
Mr Chan Kam Loon *(Non-Executive and Independent Director)*
Mr Zhang Hongtao *(Non-Executive and Non-Independent Director)*
Mr Wang Gang *(Non-Executive and Non-Independent Director)*
Mr Gao Guoan *(Non-Executive and Independent Director)*
Mr Chen Mingjin *(Non-Executive and Independent Director)*
Mr Koh Eng Kheng Victor *(Non-Executive and Independent Director)*

Registered Office:

80 Robinson Road #02-00
Singapore 068898

6 April 2022

To: The Shareholders of Jiutian Chemical Group Limited

Dear Sir/Madam

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. INTRODUCTION

The Company proposes to seek the approval of its Shareholders at the AGM to be held on 28 April 2022 for the proposed renewal of the Share Buyback Mandate.

The Company refers to the summary of resolutions to be passed in the upcoming AGM accompanying the Annual Report for the financial year ended 31 December 2021 and Resolution 10 in relation to the proposed renewal of the Share Buyback Mandate under the heading "Special Business" set out in the Notice of AGM.

The purpose of this Appendix II is to provide Shareholders with information relating to the Share Buyback Mandate.

2. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

2.1 Background

The Share Buyback Mandate was originally approved by Shareholders at an extraordinary general meeting of the Company held on 13 January 2014 and was last renewed at the annual general meeting of the Company held on 28 April 2021.

The Share Buyback Mandate will expire on 28 April 2022, being the date of the forthcoming AGM.

Shareholders' approval is thus being sought at the AGM for the renewal of the Share Buyback Mandate for the Share Buyback by the Company of its issued Shares. If approved, the Share Buyback Mandate will take effect from the date of the AGM at which the renewal of the Share Buyback Mandate is approved by the Shareholders and continue in force for the duration of the Relevant Period, which is until the earlier of the date of the next AGM of the Company or such date as the next AGM is required by law to be held (whereupon it will lapse, unless renewed at such meeting), or the date when Share Buybacks pursuant to a Share Buyback Mandate are carried out to the full extent mandated or the date the Share Buyback Mandate is revoked or varied by the Company in general meeting.

Any Share Buyback by the Company will have to be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution, the Catalist Rules, and such other laws and regulations as may for the time being be applicable.

2.2 Rationale

The Share Buyback Mandate will give the Company the flexibility to undertake purchases of its issued Shares up to the ten per cent. (10%) limit described in paragraph 2.3.1 below, at any time, subject to market conditions, during the period that the Share Buyback Mandate is in force.

Share Buyback is one of the methods by which return on equity may be enhanced. Share Buybacks also provide the Company with a mechanism to return surplus cash (if any) which is in excess of the Group's financial needs and/or ordinary capital requirements in an expedient and cost-effective manner. The Directors believe that that Share Buybacks may help to mitigate short-term market or price volatility, off-set the effects of short-term share speculation and bolster Shareholders' confidence and employees' morale. Share Buybacks will also allow the Directors greater control over the Company's share capital structure, dividend policy and cash reserves with a view to enhancing the EPS and/or NTA per Share of the Company and the Group.

Whilst the Share Buyback Mandate would authorise Share Buybacks up to the said ten per cent. (10%) limit during the duration referred to in paragraph 2.3.2 below, Shareholders should note that purchases of Shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and the purchases of Shares pursuant to the Share Buyback Mandate would be made only as and when the Directors consider it to be in the best interest of the Company and/or Shareholders and in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a Share Buyback pursuant to the Share Buyback Mandate, the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

2.3 Authority and Limits on the Share Buyback Mandate

The authority and limits of the Share Buyback Mandate, if renewed at the AGM, are the same as were first approved by Shareholders at the extraordinary general meeting of the Company held on 13 January 2014. The authority and limitations placed on purchases of Shares by the Company under the Share Buyback Mandate are summarised below:-

2.3.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased by the Company during the Relevant Period shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company as at the date of the AGM at which the renewal of the Share Buyback Mandate is approved, unless the Company has, at any time during the Relevant Period, effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares of the Company as altered (the "**Maximum Limit**"). Any Shares which are held as Treasury Shares and Subsidiary Holdings will be disregarded for purposes of computing the ten per cent. (10%) limit.

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date, comprising 1,988,444,000 Shares, excluding Treasury Shares and Subsidiary Holdings, and assuming that no further Shares are issued and no further Shares are purchased or acquired and held by the Company as Treasury Shares on or prior to the AGM, not more than 198,844,400 Shares (representing ten per cent. (10%) of the total number of issued Shares (excluding Treasury Shares and Subsidiary Holdings) as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

As at the Latest Practicable Date, the Company does not hold any Treasury Shares and does not have any Subsidiary Holdings.

(a) Where Shares purchased or acquired are held as Treasury Shares

The number of Shares held as Treasury Shares cannot at any time exceed 10% of the total number of issued Shares. On the basis of the aforesaid limit and that the Company does not hold Treasury Shares as at the Latest Practicable Date, the maximum number of Shares which can be purchased or acquired by the Company and be held as Treasury Shares is 198,844,400 Shares, representing 10% of the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.

(b) Where Shares purchased or acquired are cancelled

The maximum number of Shares which can be purchased or acquired by the Company and cancelled is 198,844,400 Shares, representing 10% of the total number of Shares in issue (excluding Treasury Shares and Subsidiary Holdings) as at the Latest Practicable Date.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10% limit, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out up to the full 10% limit as authorised, or at all. In particular, no purchase or acquisition of the Shares would be made in circumstances which would have or may have a material adverse effect on the float, liquidity, orderly trading of the Shares and/or financial position of the Group.

2.3.2 Duration of Authority

Purchases of Shares may be made, at any time and from time to time, by the Company on and from the date of the AGM at which the renewal of the Share Buyback Mandate is approved, up to the earliest of:-

(a) the date on which the next AGM of the Company is held or required by law to be held;

(b) the date on which the purchases or acquisitions of Shares pursuant to the Share Buybacks are carried out to the full extent mandated; or

(c) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting.

(the "**Relevant Period**")

The authority conferred on the Directors by the Share Buyback Mandate to purchase or acquire Shares may be renewed by the Shareholders in a general meeting of the Company, such as at the next AGM or at an extraordinary general meeting to be convened immediately after the conclusion or adjournment of the next AGM. When seeking the approval of the Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buyback Mandate made during the previous twelve (12) months (whether by way of Market Purchases (as defined below) or Off-Market Purchases (as defined below)), including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

2.3.3 Manner of Share Buyback

Purchases of Shares by the Company may be effected by way of:-

(a) on-market purchases transacted on the Catalist through the ready market, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose of Share Buyback ("**Market Purchases**"); and/or

(b) off-market purchases (if effected otherwise than on the Catalist) in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("**Off-Market Purchases**").

In an Off-Market Purchase, the Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Catalist Rules, the Companies Act, the Constitution of the Company and other applicable laws and regulations, as they consider fit in the interests of the Company and/or Shareholders in connection with or in relation to any equal access scheme or schemes.

Under the Companies Act, an Off-Market Purchase must satisfy all the following conditions:-

(i) offers for the Share Buyback shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of the aforementioned persons shall be given a reasonable opportunity to accept the offers made to them; and

(iii) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:-

(aa) differences in consideration attributable to the fact that the offers relate to shares with different accrued dividends entitlements;

(bb) differences in consideration attributable to the fact that the offers relate to shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

Pursuant to Rule 870 of the Catalist Rules, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, it must issue an offer document to all Shareholders containing at least the following information:-

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed Share Buyback;

(iv) the consequences, if any, of the Share Buyback by the Company that will arise under the Take-over Code or other applicable take-over rules;

(v) whether the Share Buyback, if made, would have any effect on the listing of the Shares on the Catalist;

(vi) details of any Share Buyback made by the Company in the previous twelve (12) months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for the purchases or acquisitions of Shares; and

(vii) whether the Shares purchased by the Company would be cancelled or kept as Treasury Shares.

2.3.4 Maximum Purchase Price

The purchase price per Share (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares purchased pursuant to the Share Buyback Mandate will be determined by the Directors, provided that such purchase price must not exceed:-

(i) in the case of a Market Purchase, one hundred and five per cent. (105%) of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, one hundred and twenty per cent. (120%) of the Average Closing Price (as defined hereinafter),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes of determining the Maximum Price:-

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the date of the making of the offer (as defined below) pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Days period and the day on which the purchases are made; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.4 Status of Purchased Shares

Any Share purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that Share will expire on such cancellation) unless such Shares are held by the Company as Treasury Shares to the extent permitted under the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as Treasury Shares.

All Shares purchased by the Company (other than Treasury Shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all share certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

At the time of each purchase of Shares by the Company, the Directors may decide to cancel Shares which have been purchased by the Company or hold such Shares as Treasury Shares, depending on whether it is in the interests of the Company to do so.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as Treasury Shares. Some of the provisions on Treasury Shares under the Companies Act are summarised below:-

2.5.1 Maximum Holdings

The aggregate number of Shares held as Treasury Shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. In the event that the aggregate number of Treasury Shares held by the Company exceeds the aforesaid limit, the Company shall dispose of or cancel the excess Treasury Shares in accordance with Section 76K of the Companies Act within six (6) months from the day the aforesaid limit is first exceeded or such further periods as ACRA may allow.

2.5.2 Voting and Other Rights

For the purposes of the Companies Act, the Company cannot exercise any right to attend or vote at meetings in respect of Treasury Shares.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members of the Company on a winding up) may be made, to the Company in respect of Treasury Shares. However, the allotment of Shares as fully paid bonus shares in respect of Treasury Shares is allowed.

The Treasury Shares may be sub-divided or consolidated, so long as the total value of the Treasury Shares after such sub-division or consolidation is the same as the total value of the Treasury Shares before the sub-division or consolidation, as the case may be.

2.5.3 Disposal and Cancellation

Where Shares are held as Treasury Shares, the Company may at any time:-

(a) sell the Treasury Shares (or any of them) for cash;

(b) transfer the Treasury Shares (or any of them) for the purposes of any share scheme, whether for its employees, Directors or other person;

(c) transfer the Treasury Shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;

(d) cancel the Treasury Shares (or any of them); or

(e) sell, transfer or otherwise use the Treasury Shares for such purposes as may be prescribed by the Minister of Finance of Singapore.

Under the Catalist Rules, an immediate announcement must be made of any sale, transfer, cancellation and/or use of Treasury Shares (in each case, the "usage"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of Treasury Shares comprised in the usage, the number of Treasury Shares before and after the usage, the percentage of the number of Treasury Shares comprised in the usage against the total number of issued Shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the Treasury Shares comprised in the usage.

2.6 Reporting Requirements

Within thirty (30) days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Buyback Mandate, the Company shall lodge a copy of such resolution with ACRA.

The Company shall notify ACRA in the prescribed form within thirty (30) days of a Share Buyback on the Catalist or otherwise. Such notification shall include, *inter alia*, details of the purchase, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as Treasury Shares, the Company's issued share capital before and after the Share Buyback and the amount of consideration paid by the Company for the purchases or acquisitions, whether the Shares were purchased out of profits or the capital of the Company and such other particulars as may be required by ACRA.

Within thirty (30) days of the cancellation or disposal of Treasury Shares in accordance with the provisions of the Companies Act, the Directors shall lodge with ACRA the notice of cancellation or disposal of Treasury Shares in the prescribed form as required by ACRA.

Pursuant to the Catalist Rules a listed company shall announce all purchases or acquisitions of its Shares via SGXNet not later than 9.00 a.m.:-

(a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made; or

(b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer .

The notification of such purchases of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe. The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the notifications to the SGX-ST.

2.7 Source of Funds

The Company may only apply funds legally available for such purchase or acquisition as provided in the Constitution, Catalist Rules and the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Pursuant to the Companies Act, any payment made by the Company in consideration of the Share Buyback by the Company may be made out of the Company's capital or profits, so long as the Company is solvent.

It is an offence for a Director or an officer of the Company to approve or authorise the Share Buyback or the release of obligations, knowing that the Company is not solvent. For this purpose, pursuant to the Section 76F(4) of the Companies Act, a company is solvent if at the date of payment of purchase or acquisition of its shares, the following conditions are satisfied:

(a) there is no ground on which the company could be found to be unable to pay its debts;

(b) if:

(1) it is intended to commence winding up of the company within the period of 12 months immediately after the date of payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(2) it is not intended to commence winding up, the company will be able to pay its debts as they fall due within the period of 12 months immediately after the date of the payment; and

(c) the value of the company's assets is not less than the value of its liabilities (including contingent liabilities) and such value of its assets will not, after the proposed purchase, acquisition, variation or release (as the case may be), become less than the value of its liabilities (including contingent liabilities).

In determining whether the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations of assets or estimates of liabilities. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any counter-claims by the Company.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance purchases or acquisition of its Shares pursuant to the Share Buyback Mandate. The amount of funding required for the Company to purchase or acquisition its Shares and the financial impact on the Company and the Group arising from such purchases of Shares pursuant to the Share Buyback Mandate will depend on, *inter alia*, the aggregate number of Shares purchased, the consideration paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases of Shares. However, in considering the option of external financing, the Board will consider particularly the prevailing gearing level of the Group and the costs of such financing. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

2.8 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the Company and the Group's EPS and NTA per Share as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, whether the Share Buyback is made out of capital and/or profits, the purchase price paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions of Shares and whether the Shares purchased or acquired are cancelled or held as Treasury Shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent.

Where the consideration paid by the Company for the Share Buyback is made out of profits, such consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company.

Where the consideration (including brokerage, stamp duties, applicable goods and services tax and other related expenses) paid by the Company for the Share Buyback is made out of capital, the amount available for distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group or on the financial position of the Company or the Group. The Share Buyback will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhance the EPS and/or NTA per Share of the Group.

For illustrative purposes only, the financial effects of the Share Buyback Mandate on the Group, based on the audited financial statements of the Group for the financial year ended 31 December 2021, are based on the following assumptions as set out below:-

(a) Details of the assumed Share Buybacks

Share Buybacks					Maximum Number of Shares to be Purchased	Equivalent Percentage of issued Shares(2)
Scenario	Out Of Capital	Type	Whether held as Treasury Shares or cancelled	Maximum Price per Share (S$/RMB)(1)		
(A)	Capital	Market Purchase	Held as Treasury Shares	S$0.0890/ RMB0.4118	198,844,400	10.0%
(B)	Capital	Market Purchase	Cancelled	S$0.0890/ RMB0.4118	198,844,400	10.0%
(C)	Capital	Off-Market Purchase	Held as Treasury Shares	S$ 0.1018/ RMB0.4710	198,844,400	10.0%
(D)	Capital	Off-Market Purchase	Cancelled	S$ 0.1018/ RMB0.4710	198,844,400	10.0%

Notes:-

(1) The Maximum Price per Share for a Market Purchase or an Off-Market Purchase is computed based on respectively one hundred and five per cent. (105%) and one hundred and twenty per cent. (120%) of the average of the closing market prices of the Shares over the last (5) Market Days immediately preceding the Latest Practicable Date on which transactions in the Shares were recorded on the SGX-ST of S$0.0848.

(2) Based on 1,988,444,000 issued Shares as at the Latest Practicable Date.

(b) internal funding of RMB81,884,000 and RMB93,656,000 were undertaken to fund the Market Purchases and Off-Market Purchases respectively;

(c) transaction costs incurred for the Share Buyback pursuant to the Share Buyback Mandate are assumed to be insignificant and have been ignored for the purposes of computing the financial effects; and

(d) the Share Buyback by the Company took place on 1 January 2021.

(A) Pro-forma financial effects on the Group for scenarios of Share Buybacks by the Company out of capital

As at 31 December 2021 (RMB'000)	As per the audited consolidated financial statements of the Company	Pro-forma financial effects as at 31 December 2021			
		Scenario (A)	Scenario (B)	Scenario (C)	Scenario (D)
Share capital	709,977	709,977	631,672	709,977	620,557
Reserve fund	48,142	48,142	48,142	48,142	48,142
Retained profits	58,089	58,089	58,089	58,089	58,089
Treasury shares	–	(81,884)	–	(93,656)	–
Total Shareholders' equity	816,208	734,324	734,324	722,552	722,552
NTA(1)	811,251	729,367	729,367	717,595	717,595
Current assets	1,597,744	1,515,860	1,515,860	1,504,088	1,504,088
Current liabilities	1,019,395	1,019,395	1,019,395	1,019,395	1,019,395
External borrowings	228,181	228,181	228,181	228,181	228,181
Cash and cash equivalents	922,134	840,250	840,250	828,478	828,478
Profit attributable to Shareholders	324,901	324,901	324,901	324,901	324,901
Total issued no. of Shares(2) ('000)	1,988,444	1,789,600	1,789,600	1,789,600	1,789,600
Financial Ratios					
NTA per Share (RMB cents)	40.80	40.76	40.76	40.10	40.10
EPS(3) (RMB cents)	16.34	18.15	18.15	18.15	18.15
Gearing ration(4) (times)	0.28	0.31	0.31	0.32	0.32
Current ratio(5) (times)	1.57	1.49	1.49	1.48	1.48

Note:-

(1) NTA per Share equals to NTA (excludes land use right) divided by the number of Shares outstanding adjusted for the effect of the Share Buyback as at 31 December 2021.

(2) Excludes Treasury Shares and Subsidiary Holdings, where applicable.

(3) EPS is calculated based on profit attributable to Shareholders and aggregated weighted average number of issued and paid-up Shares (excluding Treasury Shares and Subsidiary Holdings) adjusted for the effect of the Share Buyback based on the audited financial statements of the Company and the Group for FY2021.

(4) Gearing ratio represents total borrowings divided by Shareholders' equity.

(5) Current ratio equals to current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on the respective aforesaid assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited financial statements of the Group for the financial year ended 31 December 2021 and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial (such as cash surplus, debt position and working capital requirements) and non-financial factors (such as stock market conditions and performance of the Shares) in assessing the relative impact of the Share Buyback before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the total number of issued Shares of the Company, ascertained as at the date of the AGM, the Company may not necessarily purchase the entire ten per cent. (10%) of the total number of its issued Shares. In addition, the Company may cancel all or part of the Shares repurchased or hold all or part of the Shares repurchased as Treasury Shares.

2.9 Interested Persons

The Company is prohibited from knowingly buying Shares on the Catalist from an interested person, that is, a Director, the chief executive officer of the Company or Substantial Shareholder of the Company or any of their Associates, and any interested person is prohibited from knowingly selling his Shares to the Company.

2.10 Taxation

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the Share Buyback by the Company, or who may be subject to tax in a jurisdiction should consult their own professional advisers.

2.11 Take-over implications arising from Share Buybacks

Appendix 2 of the Take-over Code ("**Appendix 2**") contains the Share Buy-Back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

2.11.1 Obligation to make a Take-over Offer

If, as a result of any purchase by the Company of its Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

Shareholders are advised to consult their professional advisers and/or the SIC and/or other relevant authorities at the earliest opportunity as to whether an obligation on their part, if any, to make a mandatory take-over offer under the Take-over Code would arise by reason of any Share Buyback by the Company.

2.11.2 Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, inter alia, the following individuals and companies to be persons acting in concert with each other:-

(i) a company with its parent company, subsidiaries, fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

(ii) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;

(iii) a company with any of its pension funds and employee share schemes;

(iv) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(v) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total ten per cent. (10%) or more of the client's equity share capital;

(vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer or where they have reason to believe a bona *fi*de offer for their company may be imminent;

(vii) partners; and

(viii) an individual, his close relatives, his related trusts, any person who is accustomed to act according to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them respectively, will incur an obligation to make a take-over offer under Rule 14 after a Share Buyback by the Company are set out in Appendix 2.

2.11.3 Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or in the event that such Directors and their concert parties hold between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, Treasury Shares and Subsidiary Holdings shall be excluded.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

2.11.4 Application of the Take-over Code

As at the Latest Practicable Date, Mr Han Lianguo, the Company's Non-Executive and Non-Independent Chairman, Mr Zhang Hongtao and Mr Wang Gang, the Company's Non-Executive and Non-Independent Directors, were appointed to the Board as nominees of HNEC (collectively, the "**HNEC Directors**"). HNEC is the ultimate holding company of Anyang Longyu, a Controlling Shareholder of the Company and Anhua is the parent company of Anyang Longyu. Accordingly, under the Take-over Code, the HNEC Directors, HNEC, Anhua and Anyang Longyu are deemed to be persons acting in concert with each other (the "**Concert Party Group**").

As at the Latest Practicable Date, Anyang Longyu holds 502,429,900 Shares through its nominee, Phillip Securities Trading Limited, representing approximately 25.27% of the Company's issued share capital. None of the HNEC Directors holds any Shares as at the Latest Practicable Date.

For illustrative purpose only, based on Anyang Longyu's shareholding interest in the Company as at the Latest Practicable Date and assuming that the Company purchased acquired a maximum of 198,844,400 Shares pursuant to the Share Buyback Mandate, and no new shares are issued by the Company, Anyang Longyu's shareholding interest in the Company would increase from approximately 25.27% to approximately 28.07%. Accordingly, the Concert Party Group would not be obliged to make a general offer under the Take-over Code for the Shares not owned by them, if as a result of the exercise of the Share Buyback Mandate, their interest in the voting rights of the Company increases to thirty per cent (30%) or more.

Anyang Longyu has undertaken to the Company that it will not acquire any Shares and/or sell, transfer or otherwise dispose any of its Shares for the period commencing from the Latest Practicable Date to the date of the AGM. Based on the said undertaking, the interest of Anyang Longyu in the Company as at the date of the AGM will be as per illustrated in the ensuing section 3 of this Appendix II.

The HNEC Directors have undertaken to the Company that none of them will acquire any Shares for the period commencing from the Latest Practicable Date to the date of the AGM. Based on the said undertaking, as at the date of the AGM, none of the HNEC Directors will hold Shares of the Company.

2.11.5 *Conditions for exemption from having to make a general offer under Rule 14 of the Take-over Code*

Section 3(a) of Appendix 2 of the Take-over Code sets out the conditions for exemption from the obligation to make a general offer under Rule 14 of the Take-over Code in the case of Directors and persons acting in concert with them incurring such an obligation as a result of a listed company making a market purchase under Section 76E of the Companies Act or off-market Purchase on equal access scheme under Section 76C of the Companies Act.

Under Section 3(a) of Appendix 2 of the Take-over Code, the Concert Party Group will be exempted from the requirement to make a general offer under Rule 14 of the Take-over Code as a result of any Share Buyback carried out by the Company pursuant to the Share Buyback Mandate, subject to the following conditions:

(i) this Appendix II to Shareholders on the resolution to authorise the renewal of the Share Buyback Mandate to contain advice to the effect that by voting in favour of the resolution to approve the renewal of the Share Buyback Mandate (the "**Share Buyback Resolution**"), Shareholders are waiving their right to a general offer at the required price from the Concert Party Group who, as a result of Share Buybacks by the Company, would increase their voting rights to thirty (30%) or more, or, if they together hold between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, would increase their voting right by more than one per cent (1%) in any period of six (6) months;

(ii) this Appendix II discloses the names and voting rights of the members of the Concert Party Group at the time of the Share Buyback Resolution and after the proposed Share Buyback;

(iii) the Share Buyback Resolution to be approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make a general offer for the Company as a result of Share Buybacks;

(iv) the members of the Concert Party Group to abstain from voting for and/or recommending Shareholders to vote in favour of the Share Buyback Resolution;

(v) within seven (7) days after the passing of the Share Buyback Resolution, each of the HNEC Directors and Anyang Longyu submit to SIC a duly signed form as prescribed by the SIC;

(vi) the Concert Party Group, and persons acting in concert with them, not to have acquired and not to acquire any Shares between the date on which they know that the announcement of the renewal of the Share Buyback Mandate proposal is imminent and the earlier of:-

(a) the date on which the authority of the Share Buyback Mandate expires; and

(b) the date on which the Company announces that it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be, if such acquisitions, taken together with the Share Buybacks, would cause their aggregate voting rights to increase to thirty per cent (30%) or more; and

(vii) the Concert Party Group: and persons acting in concert with them, together holding thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, not to have acquired and not to acquire any Shares, between the date on which they know the announcement of the renewal of Share Buyback Mandate proposal is imminent and the earlier of:

(a) the date on which the authority of the Share Buyback Mandate expires; and

(b) the date on which the Company announces that it has bought back such shares as authorised by Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be.

if such acquisitions, taken together with the Share Buybacks, would cause their aggregate voting rights in the Company to increase by more than one per cent (1%) in the preceding six (6) months.

2.11.6 Form 2 submission to the SIC

Form 2 (Submission by directors and their concert parties pursuant to Appendix 2) is the prescribed form to be submitted to the SIC by a director and persons acting in concert with him pursuant to the conditions for exemption as set out in section 2.11.5(v) above from the requirement to make a take-over offer under Rule 14 of the Take-over Code as a result of the buy-back of shares by a listed company under its Share Buyback Mandate.

As at the Latest Practicable Date, the Concert Party Group informed the Company that each of them will be submitting the Form 2 to the SIC within seven (7) days after the passing of the resolution relating to the renewal of the Share Buyback Mandate.

2.11.7 Abstention from Voting

In compliance with the conditions of the exemption set out in section 2.11.5 (iv) above, each of the members of the Concert Party Group will abstain from voting in respect of the resolution relating to the renewal of the Share Buyback Mandate. They shall also decline to accept appointment as proxies or otherwise for voting at the AGM for the renewal of the Share Buyback Mandate unless the Shareholders concerned have given specific instructions as to the manner in which their votes are to be cast for the said resolution.

The HNEC Directors will abstain from recommending Shareholders to vote in favour of the resolution relating to the renewal of the Share Buyback Mandate.

2.11.8 Advice to Shareholders

Shareholders should note that by approving the renewal of the Share Buyback Mandate, they are waiving their rights to a take-over offer at the required price from the Concert Party Group in the circumstances set out above. Such a take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the required price.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective interests in voting shares in the capital of the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of Share Buyback by the Company pursuant to the Share Buyback Mandate.

Pursuant to Appendix 2 of the Take-over Code, the resolution relating to the renewal of the Share Buyback Mandate will be voted on by way of a poll and is to be approved by a majority of Shareholders who are present and voting at the meeting who could not become obliged to make an offer under the Take-over Code as a result of Share Buybacks.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer under the Take-over Code as a result of Share Buybacks by the Company pursuant to the Share Buyback Mandate are advised to consult their professional advisers and/or the SIC at the earliest opportunity.

2.12 The Catalist Rules

While the Catalist Rules do not expressly prohibit any purchase of shares by a listed company during any particular time or times, because the listed company would be considered to be an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any Share Buyback pursuant to the Share Buyback Mandate at any time after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price-sensitive information has been publicly announced. In particular, in line with the Company's internal guide on securities dealings, the Company will not purchase any Shares through Market Purchases during the period of two (2) weeks and one (1) month immediately preceding the announcement of the Company's quarterly (including half year) and full year results respectively, as the case may be, and ending on the date of announcement of the relevant results.

The Company is required under Rule 723 of the Catalist Rules to ensure that at least ten per cent. (10%) of its issued Shares (excluding Treasury Shares, preference shares and convertible equity securities) are in the hands of the public. The term "public" is defined under the Catalist Rules as persons other than (a) the directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the listed company and its subsidiary companies and (b) the associates (as defined in the Catalist Rules) of the persons described in paragraph (a).

As at the Latest Practicable Date, 1,452,045,100 Shares (excluding nil Treasury Shares and Subsidiary Holdings), representing approximately 73.02% of the issued Shares of the Company, are in the hands of the public. Assuming that the Company purchases or acquires its Shares through Market Purchases up to the full ten per cent. (10%) limit pursuant to the Share Buyback Mandate from the public, the number of Shares in the hands of the public would be reduced to 1,253,200,700 Shares (excluding nil Treasury Shares and Subsidiary Holdings), representing approximately 70.03% of the issued Shares of the Company. Accordingly, the Company is of the view that there is a sufficient number of Shares held in the hands of the public which would permit the Company to undertake purchases of its Shares up to the full ten per cent. (10%) limit pursuant to the Share Buyback Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

In undertaking any purchases or acquisitions of Shares pursuant to the Share Buyback Mandate, the Directors will use their best efforts to ensure that, notwithstanding such purchases, a sufficient float in the hands of the public will be maintained so that the purchases of Shares will not adversely affect the listing status of the Shares on the SGX-ST, cause market illiquidity or adversely affect the orderly trading of the Shares.

2.13 Share Buybacks in the previous twelve (12) months

The Company has not purchased or acquired any Shares during the twelve (12) month period immediately preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Register of Director's Shareholdings and the Register of Substantial Shareholders maintained pursuant to Sections 164 and 88 of the Companies Act respectively, as at the Latest Practicable Date, the shareholdings of the Directors and Substantial Shareholders before and after the Share Buyback pursuant to the Share Buyback Mandate, assuming (a) the Company purchases or acquired the maximum limit of ten per cent. (10%) of the issued share capital of the Company as at the Latest Practicable Date; and (b) there is no change in the number of Shares held or deemed to be held by the Directors and Substantial Shareholders of the Company, will be as follows:

	Before the Share Buyback (Number of Shares)			Before the Share Buyback	After the Share Buyback
	Direct Interest	Deemed Interest	Total Interest	%[(1)]	%[(2)]
Directors					
Han Lianguo	–	–	–	–	–
Lee Chee Seng[(3)]	11,250,000	22,419,000[(2)]	33,669,000	1.69	1.88
Zhang Hongtao	–	–	–	–	–
Wang Gang					
Wu Yu Liang	300,000	–	300,000	0.02	0.02
Chan Kam Loon	–	–	–	–	–
Gao Guoan	–	–	–	–	–
Chen Mingjin	–	–	–	–	–
Koh Eng Kheng Victor	–	–	–	–	–
Substantial Shareholders					
Anyang Longyu (HK) Development Co., Ltd[(4)]	–	502,429,900[(3)]	502,429,900	25.27	28.07
Anyang Chemical Industry Group Co Ltd[(5)]	–	502,429,900[(3)]	502,429,900	25.27	28.07
HNEC[(4)]	–	502,429,900[(3)]	502,429,900	25.27	28.07

Notes:

(1) Based on the issued share capital of 1,988,444,000 Shares as at the Latest Practicable Date.

(2) Calculated based on 1,789,599,600 Shares assuming the purchase of the maximum of 198,844,400 Shares pursuant to the Share Buyback Mandate.

(3) Lee Chee Seng is deemed interested in 19,419,000 shares held through his indirect nominee, Credit Suisse AG, Singapore Branch; and 3,000,000 share held through his direct nominee, KGI Securities (Singapore) Pte. Ltd.

(4) Anyang Longyu is deemed interested in 502,429,900 Shares through its nominee, Philip Securities Pte Ltd.

(5) Anhua and HNEC is deemed to be interested in the shares held by Anyang Longyu by virtue of Section 6 of the Company Act, Cap 50.

4. ANNUAL GENERAL MEETING

The AGM, notice of which is contained in the Annual Report of the Company, will be held by way of electronic means on 28 April 2022 at 10.30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, Resolution 10 relating to the proposed renewal of the Share Buyback Mandate.

5. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the AGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings via live webcast or listening to the AGM proceedings via live audio feed; (b) submitting questions in advance of the AGM; and/or (c) voting by appointing the Chairman of the AGM as his proxy to attend, speak and vote on his behalf at the AGM.

Shareholders should refer to the Notice of AGM for further information, including the steps to be taken by Shareholders to participate at the AGM.

6. DIRECTORS' RECOMMENDATION

Having fully considered, inter alia, the rationale and benefit of the Share Buyback Mandate, the Directors (save for the HNEC Directors, being Mr Han Lianguo, Mr Zhang Hongtao and Mr Wang Gang who have abstained from making any recommendation to Shareholders) and Anyang Longyu of the view that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company. They accordingly recommend that Shareholders vote in favour of Resolution 10 relating to the proposed renewal of the Share Buyback Mandate at the AGM.

7. ABSTENTION FROM VOTING

In compliance with the conditions of the exemption set out in section 2.11.5 (iv) above, each of the member of the Concert Party Group will abstain from voting its shareholding, and undertakes to ensure that its associates will abstain from voting, in respect of Resolution 10 relating to the proposed renewal of the Share Buyback Mandate at the AGM. Further, the Concert Party Group undertakes to decline, and shall ensure that its associates shall decline, to accept appointment as proxies to vote in respect of Resolution 10 unless the shareholder concerned shall have given specific instructions as to the manner in which his votes are to be cast at the AGM for the said resolution.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix II and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix II constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix II misleading. Where information in this Appendix II has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix II in its proper form and context.

9. DOCUMENTS FOR INSPECTION

The Constitution and the Annual Report of the Company are available for inspection during normal office hours at the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898 from the date of this Appendix II up to date of the AGM.

Yours faithfully
for and on behalf of the Board of Directors of
JIUTIAN CHEMICAL GROUP LIMITED

Lee Chee Seng
Executive Director

NOTICE OF THE SEVENTEENTH ANNUAL GENERAL MEETING

九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200415416H)

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of Jiutian Chemical Group Limited ("Company") will be held by way of electronic means on Thursday, 28 April 2022 at 10.30 a.m. for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fee of S$199,600 for the financial year ending 31 December 2022, to be paid quarterly in arrears (FY2021: S$190,000). **(Resolution 2)**

3. To approve the declaration of a tax-exempt (1-tier) final dividend of SGD0.0012 for the financial year ended 31 December 2021. **(Resolution 3)**

4. To re-elect the following directors who are retiring in accordance with Regulation 91 of the Constitution of the Company and have offered themselves for re-election:

   a. Mr Lee Chee Seng *[See Explanatory Note 1]* **(Resolution 4)**

   b. Mr Wang Gang *[See Explanatory Note 2]* **(Resolution 5)**

   c. Mr Gao Guoan *[See Explanatory Note 3]* **(Resolution 6)**

5. To note the retirement of Mr Zhang Hongtao pursuant to Regulation 91 of the Company's Constitution.

6. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting ("AGM").

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

8. **Authority to allot and issue shares** **(Resolution 8)**

That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "Companies Act") and Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), ("Catalist Rules"), authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("Shares") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) notwithstanding the authority conferred by this Resolution may have ceased to be in force, issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of Instruments or any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares.

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), and all applicable legal requirements under the Companies Act, and otherwise, the Company's Constitution for the time being; and

(4) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note 4]

9. **Proposed Renewal of the General Mandate for Interested Person Transactions** **(Resolution 9)**

That :

(a) approval be and is hereby given, for the purposes of Chapter 9 of the Catalist Rules, for the Entities at Risk (as defined in Appendix I to the Company's Annual Report for its financial year ended 31 December 2021 dated 6 April 2022 (the "Appendix I")), or any of them, to enter into any of the transactions falling within the types of Recurrent IPTs (as defined in Appendix I) with any Interested Person (as defined in Appendix I), provided that such transactions are made on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders and are in accordance with the guidelines and review procedures for such Recurrent IPTs (the "IPT Mandate");

(b) the IPT Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Catalist Rules which may be prescribed by the SGX-ST from time to time; and

(d) the Directors or any one of them be and are hereby authorised to complete and do all such acts and things as they or he may consider necessary or expedient for the purposes of or in connection with and to give effect to the transactions contemplated and/or authorised by the IPT Mandate and/or this Resolution (including but not limited to the execution of other ancillary documents, procurement of third party consents and making of amendments to the Recurrent IPTs) as they or he shall think fit and in the interests of the Company.
[See Explanatory Note 5]

10. **Proposed Renewal of the Share Buyback Mandate** **(Resolution 10)**

That :

(a) for the purposes of Sections 76C and 76E of the Companies Act and Catalist Rules, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) (each a "Market Purchase") on the SGX-ST; and/or

(ii) off-market purchase(s) (each an "Off-Market Purchase") effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they consider fit, which scheme(s) shall satisfy all conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and the Catalist Rules as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Buyback Mandate");

(b) unless varied or revoked by the Company at a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held; or

(ii) the date on which purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing ten per cent (10%) of the total number of issued Shares as at the date of the passing of this Resolution unless the Company has effected a reduction of the total number of issued Shares of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereafter defined), in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered. Any Shares which are held as treasury shares and subsidiary holdings will be disregarded for purposes of computing the 10% limit; and

"**Relevant Period**" means the period commencing from the date of the annual general meeting at which the renewal of the Share Buyback Mandate is approved and thereafter, expiring on the date on which the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier, after the date of this Resolution is passed; and

"**Maximum Price**", in relation to a share to be purchased or acquired pursuant to the Share Buyback Mandate means an amount (excluding brokerage, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase, one hundred and five per cent (105%) of the Average Closing Price (as hereinafter defined); and

(ii) in the case of an Off-Market Purchase, one hundred and twenty per cent (120%) of the Average Closing Price (as hereinafter defined),

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer (as hereinafter defined) pursuant to Off-Market Purchase, and deemed to be adjusted for any corporate action which occurs after the relevant five (5) market day period and the day on which the purchases are made; and "**date of making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

(d) the Directors of the Company and/or any of them be and are hereby authorised to deal with the Shares purchased or acquired by the Company, pursuant to the Share Buyback Mandate, in any manner as they think fit, which is permissible under the Companies Act; and

(e) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider expedient and necessary to give effect to the transactions contemplated and/or authorised by this Resolution.
[See Explanatory Note 6]

11. **That contingent on resolution 6 being passed, for the continued appointment of Mr Gao Guoan, as a Non-Executive and Independent Director for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules** **(Resolution 11)**

That, subject to and contingent upon the passing of Resolution 6, shareholders to approve:

(a) the continued appointment of Mr Gao Guoan, as a Non-Executive and Independent Director, for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Gao Guoan as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution.
[See Explanatory Note 7]

12. **That contingent on Resolutions 6 and 11 being passed, for the continued appointment of Mr Gao Guoan, as a Non-Executive and Independent Director for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules** **(Resolution 12)**

That, subject to and contingent upon the passing of Resolutions 6 and 11 above, shareholders (excluding the Directors and the chief executive officer of the Company, and their respective associates) to approve:

(a) the continued appointment of Mr Gao Guoan, as a Non-Executive and Independent Director, for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules be and is hereby approved; and

(b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Gao Guoan as a Director; or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution,
[See Explanatory Note 7]

BY ORDER OF THE BOARD

Lee Wei Hsiung
Company Secretary

Singapore, 6 April 2022

Explanatory Notes:

1. Mr Lee Chee Seng, upon re-election as a director of the Company, will remain as an Executive Director. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr Lee Chee Seng is set out on the pages 28 to 34 of the Company's Annual Report.

2. Mr Wang Gang, upon re-election as a director of the Company, will remain as a Non-Executive and Non-Independent Director. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr Wang is set out on the pages 28 to 34 of the Company's Annual Report.

3. Mr Gao Guoan, upon re-election as a director of the Company, and the passing of resolutions 11 and 12, will remain as a Non-Executive and Independent Director and the Chairman of Nominating Committee and member of the Remuneration Committee. The Board considers Mr Gao Guoan to be independent for the purpose of Rule 704(7) of the Catalist Rules. Pursuant to Rule 720(5) of the Catalist Rules, further information on Mr Gao Guoan is set out on the pages 28 to 34 of the Company's Annual Report.

4. Resolution 8 in item 8 above, if passed, will authorise and empower the Directors of the Company from the date of the above meeting until the next annual general meeting to allot and issue shares and/or convertible securities in the Company. The aggregate number of Shares (including any Shares issued pursuant to Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed one hundred per cent (100%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares other than a pro-rata basis to all shareholders, the aggregate number of Shares to be issued will not exceed fifty per cent (50%) of Company's total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any instruments made or granted under this authority.

5. Resolution 9 in item 9 above, if passed, will renew the IPT Mandate initially approved by shareholders on 16 November 2012 to allow the Entities at Risk (as defined in Appendix I to the Company's Annual Report for its financial year ended 31 December 2021 dated 6 April 2022 (the "Appendix I")), or any of them, to enter into transactions with any Interested Person (as defined in Appendix I). Please refer to Appendix I for details relating to the said IPT Mandate.

6. Resolution 10 in item 10 above, if passed, will empower the Directors of the Company to buyback issued Shares from time to time (whether by way of market purchases or off-market purchases on an equal access scheme) of up to ten per cent (10%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) at the prices of up to but not exceeding the Maximum Price (as defined in Appendix II to the Company's Annual Report for its financial year ended 31 December 2021 dated 6 April 2022 (the "Appendix II")) and in accordance with the terms and subject to the conditions of the Share Buyback Mandate (as defined in Appendix II), the Companies Act, and the Catalist Rules. This authority will, unless revoked or varied at general meeting, continue in force until the earlier of (a) the date that the next annual general meeting of the Company is held or required by law to be held and (b) the date on which purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out in full to the prescribed limit mandated.

The Company intends to use internal sources of funds or external borrowings or a combination of both to finance the purchase or acquisition of its Shares pursuant to the Share Buyback Mandate. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired, the price at which such Shares were purchased or acquired and whether the Shares purchased or acquired are cancelled or held as treasury shares.

The financial effects of the purchase or acquisition of Shares by the Company pursuant to the proposed Share Buyback Mandate on the audited financial statements of the Company and its subsidiaries and associated companies for the financial year ended 31 December 2021, based on certain assumptions, are set out in paragraph 2.8 of Appendix II.

7. Resolutions 11 and 12 in items 11 and 12 above are proposed in anticipation of Rule 406(3)(d)(iii) of the Catalist Rules which took effect from 1 January 2022.

   With effect from 1 January 2022, Rule 406(3)(d)(iii) of the Catalist Rules provides that a Director will not be independent if he has been a Director for an aggregate period of more than nine years and his continued appointment as an Independent Director has not been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders excluding the Directors and the chief executive officer of the Company, and their respective associates.

   Mr Gao Guoan is a Non-Executive and Independent Director who has served for more than nine years as of 26 April 2022.

   Since Mr Gao Guoan is seeking re-election as a Non-Executive and Independent Director at the AGM, the Company is proposing to seek, at the same time, the requisite approval from shareholders for his continued appointment as a Non-Executive and Independent Director via a Two-Tier Voting process for a three-year term, with effect from the passing of this resolution proposed at the forthcoming AGM, until the conclusion of the third AGM of the Company following the passing of this Resolution.

   Mr Gao Guoan shall be re-designated as a Non-Executive and Non-Independent Director as of and from 26 April 2022. If only Resolution 6 is passed, Mr Gao Guoan shall continue to be designated as a Non-Executive and Non-Independent Director of the Company.

   If Resolution 6 is not passed, Resolutions 11 and 12 will be withdrawn. The Company shall endeavor to search for suitable candidate(s) and fill the vacancies of the independent director(s) within two, but no later than three months to fulfill the requirements of the Catalist Rules and Code of Corporate Governance, where applicable.

IMPORTANT NOTES:

The Annual General Meeting of the Company (the "AGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and accompanying Annual Report 2021, Appendices and proxy form will not be sent to members. Instead, these documents will be made available on SGXNet at https://www.sgx.com/securities/company-announcements.

The Company is arranging for a live webcast and live audio feed of the AGM proceedings (the "**Live AGM Webcast**" or "**Live AGM Audio Feed**") which will take place on Thursday, 28 April 2022 at 10.30 a.m. in place of the physical AGM. **Members will be able to watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed, and the Company will not accept any physical attendance by members. Any member seeking to attend the AGM physically in person will be turned away**.

Members will be able to participate in the AGM in the following manner set out in the paragraphs below.

Live AGM Webcast and Live AGM Audio Feed:

1. Members may watch or listen to the AGM proceedings through the Live AGM Webcast or the Live AGM Audio Feed. To do so, members will need to pre-register at https://septusasia.com/jiutianfy2021agm (the "**Registration Link**") by 10.30 a.m. on 25 April 2022 (the "**Registration Deadline**") to enable the Company to verify their status.

2. Following verification, authenticated members will receive an email by 10.30 am on 27 April 2022 containing a link to access the Live AGM Webcast of the AGM proceedings or a toll-free telephone number to access the Live AGM Audio Feed of the AGM proceedings, according to their preferred mode of accessing the AGM proceeding selected during the pre-registration process.

3. Members must not forward the abovementioned link or telephone number to other persons who are not members of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast or the Live AGM Audio Feed.

4. Members who have registered by the Registration Deadline but did not receive an email response by 10.30 am on 27 April 2022 may contact the Company by email at nghankiat@jiutianchemical.com. Members will need to identify themselves by providing the following details:

   (a) The member's full name as it appears in the share records;

   (b) The member's NRIC/Passport/UEN Number;

   (c) The member's contact number and email address; and

   (d) The manner in which the member holds the shares in the Company (e.g. via CDP/CPF /SRS).

Submission of Proxy Forms to Vote:

1. **Members will not be able to vote online or through the Live AGM Webcast or the Live AGM Audio Feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf**.

2. Members (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. The proxy form, duly completed and signed, must be submitted by:

   (a) mail to the Company's share registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or

   (b) email to sg.is.proxy@sg.tricorglobal.com,

   in either case, by no later than 10.30 a.m. on 25 April 2022, being 72 hours before the time fixed for the AGM.

   Members are strongly encouraged to submit completed proxy forms electronically via email in view of the current COVID-19 situation.

5. Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including investors under the Central Provident Fund and the Supplementary Retirement Scheme ("**CPF and SRS Investors**"), who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.30 a.m. on 19 April 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by 10.30 a.m. on 25 April 2022.

Submission of Questions in Advance:

1. **Please note that members will not be able to ask questions at the AGM during the Live AGM Webcast or the Live AGM Audio Feed, and therefore it is important for members to pre-register their participation in order to be able to submit their questions in advance of the AGM**.

2. Members may submit questions relating to the items on the agenda of the AGM by 10.30 a.m. on 20 April 2022, via email to nghankiat@jiutianchemical.com or AGM pre-register postal.

3. The Board and Management will endeavour to address the substantial and relevant questions before 10.30 am on 22 April 2022 by uploading the responses to questions from members on the SGXNET. After the cut-off time for the submission of questions, if there are substantial and relevant questions received, the Board may address them at the AGM. Minutes of the AGM which will be published on the SGXNet within one (1) month after the date of the AGM.

Investors who hold Shares through Relevant Intermediaries (as defined in Section 181 of the Companies Act):

1. Such investors (including CPF and SRS Investors) who wish to participate in the AGM by:

   a. observing or listening to the AGM proceedings contemporaneously via the Live AGM Webcast or the Live AGM Audio Feed;

   b. submitting questions in advance of the AGM, by 10.30 a.m. on 20 April 2022; and/or

c. voting by appointing the Chairman of the AGM as proxy at the AGM. CPF and SRS investors who wish to vote via proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven working days before the general meeting.

should contact the relevant intermediary through which they hold such Shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

IMPORTANT REMINDER: Members should also note that the Company may be required to make further changes to its AGM arrangements at short notice, the members should keep abreast of the Company's announcements that may be made from time to time on SGXNet.

The Company wishes to thank all members for their patience and co-operation in enabling the Company to hold the AGM with the optimum safe distancing measures amidst the current COVID-19 pandemic.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No.: 200415416H)

PROXY FORM

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.

Important :

1. The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Notice of AGM dated 6 April 2022 which has been uploaded on SGXNet on the same day.
2. A member will not be able to attend the AGM in person. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. This proxy form is not valid for use by investors holdings shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("**Investor**") (including investors, holding through Central Provident Fund Investment Scheme ("**CPF**") or Supplementary Retirement Scheme ("**SRS**") ("CPF/SRS Investors") and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS Investors who wishes to vote should approach his/her CPF Agent Banks or SRS Operator by 10.30 a.m. on 19 April 2022, being seven (7) working days before the AGM to submit his/her voting instructions.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2022.
5. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/ its behalf at the AGM.

*This form of proxy has been made available on SGXNet and may be assessed at the URLs **http://www.sgx.com/securities/company-announcements**. A printed copy of this proxy form will not be despatched to members.*

*I/We ______________________ (Name) *(NRIC/Passport/ Co. Registration No.) ______________________

of ____ (address)

being a member/members of Jiutian Chemical Group Limited (the "**Company**") hereby appoint the Chairman of the Seventeenth Annual General Meeting ("**17th AGM**") as *my/our proxy to vote for *me/us on *my/our behalf at the 16th AGM to be held by way of electronic means via live webcast and live audio-only stream on Thursday, 28 April 2022 at 10.30 a.m. and at any adjournment thereof.

(Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution, please tick [✓] within the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with a "✓" in the "Abstain" box. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to abstain from voting. **In the absence of specific directions, the appointment of the Chairman of the Meeting as your proxy will be treated as invalid**.)

No.	Resolutions	For*	Against*	Abstain*
	Ordinary Business			
1	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2021 together with the Auditors' Report thereon.			
2	To approve the payment of Directors' fee of S$199,600 for the financial year ending 31 December 2022, to be paid quarterly in arrears. (FY2021: S$190,000)			
3	To approve a tax-exempt (1-tier) final dividend of SGD0.0012 for the financial year ended 31 December 2021.			
4	To re-elect Mr Lee Chee Seng as a Director.			
5	To re-elect Mr Wang Gang as a Director.			
6	To re-elect Mr Gao Guoan as a Director.			
7	To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and authorise the Directors to fix their remuneration.			
	Special Business			
8	To authorise Directors to allot and issue Shares.			
9	To approve the renewal of the General Mandate for Interested Person Transactions.			
10	To approve the renewal of the Share Buyback Mandate.			
11	To approve Mr Gao Guoan's continued appointment as a Non-Executive and Lead Independent Director for purposes of Rule 406(3)(d)(iii)(A) of the Catalist Rules.			
12	To approve Mr Gao Guoan's continued appointment as a Non-Executive and Lead Independent Director for purposes of Rule 406(3)(d)(iii)(B) of the Catalist Rules.			

* delete accordingly

Dated this ____________ day of ________________ 2022

Total No. of Shares in	No. of Shares
CDP Register	
Register of Members	

____

Signature of Shareholder(s)
Or, Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

   A member will not be able to vote online or through the live webcast and live audio-feed on the resolutions to be tabled for approval at the AGM. Members who wish to exercise their votes must submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf. Member (whether individual or corporate) appointing the Chairman of the AGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.

2. The Chairman of the Meeting, as a proxy, need not be a member of the Company.

3. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing and where such instrument is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

4. Where an instrument appointing Chairman of the Meeting as proxy is signed and authorised on behalf of the appointor by an attorney, the letter of power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

5. The instrument appointing Chairman of the Meeting as proxy, duly executed, must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898, or emailed to: sg.is.proxy@sg.tricorglobal.com, not less than seventy-two (72) hours before the time appointed for the holding of the AGM.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms via email to the email address provided above in view of the current COVID-19 situation.

6. Investors who hold shares through relevant intermediaries as defined in Section 181 of the Companies Act, including investors under the Central Provident Fund and the Supplementary Retirement Scheme ("CPF and SRS Investors"), who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective CPF Agent Banks and SRS Operators to submit their voting instructions at least seven (7) working days before the AGM (i.e. by 10.30 a.m. on 19 April 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by 10.30 a.m. on 25 April 2022.

7. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of the members of the Company whose shares entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting a proxy form appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2022.

九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED

350 Orchard Road
#21-03 Shaw House
Singapore 238868
Main Line: (65) 6536 3738
Faxline: (65) 6536 3898