

# Announcement of Unaudited Condensed Interim Financial Statement for First Half Ended 30 June 2023

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

		<b>Unaudited 6 months ended (1H2023)</b>	Unaudited 6 months ended (1H2022)	
	Note	<b>30 Jun 2023</b>	30 Jun 2022	Changes
		<b>RMB'000</b>	RMB'000	%
<b>Revenue</b>	4	<b>393,127</b>	1,429,819	(73)
Cost of sales		<b>(540,326)</b>	(899,755)	(40)
<b>Gross (loss)/ profit</b>		<b>(147,199)</b>	530,064	NM
Other income		<b>14,591</b>	10,335	41
Distribution costs		<b>(7,423)</b>	(9,776)	(24)
Administrative expenses		<b>(18,015)</b>	(19,385)	(7)
Other expenses		-	(1,454)	NM
Finance costs		<b>(1,697)</b>	(1,305)	30
Share of result of associated companies		<b>5,982</b>	15,039	(60)
<b>(Loss)/ profit before tax</b>	6	<b>(153,761)</b>	523,518	NM
Tax expense	7	<b>(8,613)</b>	(138,006)	(94)
<b>(Loss)/ profit and total comprehensive income for the period</b>		<b>(162,374)</b>	385,512	NM
<b>(Loss)/ profit and total comprehensive income for the period attributable to:</b>				
Equity holders of the Company		<b>(162,310)</b>	385,583	NM
Non-controlling interest		<b>(64)</b>	(71)	(10)
		<b>(162,374)</b>	385,512	NM
<b>(Loss)/ earnings per share for loss/profit for the financial period attributable to equity holders of the Company (in RMB cents per share)</b>				
Basic and diluted	8	<b>(8.16)</b>	19.39	NM

NM: Not meaningful

**B. Condensed Interim Statements of Financial Position**

	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	11	802,904	1,172,325	72,814	55,495
Trade and other receivables		234,584	483,065	238	315
Inventories		67,358	42,787		-
<b>Total current assets</b>		<b>1,104,846</b>	<b>1,698,177</b>	<b>73,052</b>	<b>55,810</b>
<b>Non-current assets</b>					
Property, plant and equipment	12	201,255	183,233	-	34
Land use rights		1,727	2,049	-	-
Investment in subsidiary companies		-	-	257,736	257,736
Investment in associated companies		81,379	75,397	75,397	75,397
Other receivables		25,573	25,640	-	-
Deferred tax assets		1,100	1,100	-	-
<b>Total non-current assets</b>		<b>311,034</b>	<b>287,419</b>	<b>333,133</b>	<b>333,167</b>
<b>Total assets</b>		<b>1,415,880</b>	<b>1,985,596</b>	<b>406,185</b>	<b>388,977</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Bank borrowings	13	152,942	84,702	-	-
Trade and other payables		211,486	511,560	764	1,812
Contract liabilities		10,401	22,207	-	-
Income tax payables		3,643	87,488	-	-
<b>Total current liabilities</b>		<b>378,472</b>	<b>705,957</b>	<b>764</b>	<b>1,812</b>
<b>Non-current liabilities</b>					
Bank borrowings	13	81,940	49,940	-	-
Deferred income		2,000	2,000	-	-
Deferred tax liabilities		6,750	6,750	-	-
<b>Total non-current liabilities</b>		<b>90,690</b>	<b>58,690</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>469,162</b>	<b>764,647</b>	<b>764</b>	<b>1,812</b>
<b>Capital and reserves</b>					
Share capital	14	709,977	709,977	709,977	709,977
Retained profit/ (accumulated losses)		127,488	401,655	(304,556)	(322,812)
Statutory reserve fund		110,706	110,706	-	-
<b>Equity attributable to equity holders of the Company</b>		<b>948,171</b>	<b>1,222,338</b>	<b>405,421</b>	<b>387,165</b>
Non-controlling interests		(1,453)	(1,389)	-	-
<b>Total equity</b>		<b>946,718</b>	<b>1,220,949</b>	<b>405,421</b>	<b>387,165</b>
<b>Total liabilities and equity</b>		<b>1,415,880</b>	<b>1,985,596</b>	<b>406,185</b>	<b>388,977</b>

### C. Condensed Interim Statements of Changes in Equity

Group	Note	Share capital	Accumulated profit	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
<b>Balance at 1 January 2023 (audited)</b>		709,977	401,655	110,706	1,222,338	(1,389)	1,220,949
Loss and total comprehensive income for the financial period		-	(162,310)	-	(162,310)	(64)	(162,374)
Dividend paid	9	-	(111,857)	-	(111,857)	-	(111,857)
<b>Balance at 30 June 2023 (unaudited)</b>		<b>709,977</b>	<b>127,488</b>	<b>110,706</b>	<b>948,171</b>	<b>(1,453)</b>	<b>946,718</b>
<b>Balance at 1 January 2022 (audited)</b>		709,977	58,089	48,142	816,208	(2,265)	813,943
Profit/ (loss) and total comprehensive income for the financial period		-	385,583	-	385,583	(71)	385,512
Dividend paid	9	-	(84,367)	-	(84,367)	-	(84,367)
Transfer to statutory reserve		-	(39,741)	39,741	-	-	-
<b>Balance at 30 June 2022 (unaudited)</b>		<b>709,977</b>	<b>319,564</b>	<b>87,883</b>	<b>1,117,424</b>	<b>(2,336)</b>	<b>1,115,088</b>

### C. Condensed Interim Statements of Changes in Equity

	Share capital	Accumulated losses	Total equity
<u>Note</u>	RMB'000	RMB'000	RMB'000
<b>Company</b>			
<b>Balance at 1 January 2023 (audited)</b>	709,977	(322,812)	387,165
Profit and total comprehensive income for the financial period	-	130,113	130,114
Dividend	-	(111,857)	(111,858)
9			
<b>Balance at 30 June 2023 (unaudited)</b>	<b>709,977</b>	<b>(304,556)</b>	<b>405,421</b>
<b>Balance at 1 January 2022 (audited)</b>	709,977	(340,101)	369,876
Profit and total comprehensive income for the financial period	-	88,287	88,287
Dividend	-	(84,367)	(84,367)
9			
<b>Balance at 30 June 2022 (unaudited)</b>	<b>709,977</b>	<b>(336,181)</b>	<b>373,796</b>

## D. Condensed Interim Consolidated Statement of Cash flows

	Group	
	Unaudited 6 months ended 30 Jun 23	Unaudited 6 months ended 30 Jun 22
Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
(Loss)/ profit before tax	(153,761)	523,518
Adjustments for:		
Amortisation of land use rights	322	321
Bank charges	241	139
Depreciation of property, plant and equipment	9,765	10,891
Interest expense	1,455	1,165
Interest income	(8,743)	(7,861)
Loss on disposal of property, plant and equipment	-	1,454
Share of result of associated companies	(5,982)	(15,039)
Operating cash flows before movement in working capital	(156,703)	514,588
Inventories	(24,571)	25,944
Receivables	248,481	(138,564)
Payables and contract liabilities	(311,880)	(77,663)
Cash (used in)/ generated from operations	(244,673)	324,305
Interest received	8,743	7,861
Income tax paid	(92,458)	(144,920)
<b>Net cash (used in)/ generated from operating activities</b>	<b>(328,388)</b>	<b>187,246</b>
<b>Cash flows from investing activities</b>		
Advances to associated company, net	67	(148)
Proceed from disposal of property, plant and equipment	-	278
Purchase of property, plant and equipment	(27,787)	(3,980)
<b>Net cash used in investing activities</b>	<b>(27,720)</b>	<b>(3,850)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(111,857)	(84,367)
Drawdown of bank borrowings	32,000	10,000
Repayment of bank borrowings	(10,000)	(10,000)
Increase in pledged bank deposits	(39,727)	(7,488)
Increase in bill payables to bank	78,240	46,706
Interest paid	(1,455)	(1,165)
Bank charges paid	(241)	(139)
<b>Net cash used in financing activities</b>	<b>(53,040)</b>	<b>(46,453)</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(409,148)</b>	<b>136,943</b>
Cash and cash equivalents at beginning of period	1,107,623	773,550
<b>Cash and cash equivalents at end of period</b>	<b>698,475</b>	<b>910,493</b>

## E. Notes to the Condensed Interim Consolidated Financial Statements

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### 1 Corporate information

Jiutian Chemical Group Limited (the “**Company**”) is incorporated and domiciled in Singapore and is listed on the Catalist board of Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the half-year ended 30 June 2023 comprise the Company and its subsidiaries (Collectively, the “**Group**”).

The principal activity of the Company is that of investment holding. The principal activities of the subsidiary companies are:

- a) Production, sale and service of industrial methanol, methylamine, Dimethylformamide (“**DMF**”) and gas;
- b) Sale of methylamine, DMF, polyurethane and downstream products; and
- c) Research and development of isotope technology and, manufacturing and trading of Oxygen 18 and deuterium depleted water.

### 2. Basis of preparation

The condensed interim financial statements for the half-year ended 30 June 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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.

#### 2.1. New and amended standards adopted by the Group

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting period compared with the audited financial statements for the year ended 31 December 2022, except for the adoption of new or revised SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for the financial year beginning on or after 1 January 2023. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

## E. Notes to the Condensed Interim Consolidated Financial Statements

### 2. Basis of preparation (cont'd)

#### 2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### 4. Segment and revenue 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.

#### *Revenue information*

Revenue represents the amount received or receivable from sales of goods, net of sales related taxes.

#### **Disaggregation of Revenue**

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

	<b>Group</b>	
	<b>(Unaudited)</b>	(Unaudited)
	<b>1H2023</b>	1H2022
	<b>RMB'000</b>	RMB'000
Methylamine	251,556	785,100
DMF	136,983	638,453
Others	4,588	6,266
	<b>393,127</b>	<b>1,429,819</b>



## E. Notes to the Condensed Interim Consolidated Financial Statements

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	Group		Company	
	(Unaudited) 30 Jun 2023 RMB'000	(Audited) 31 Dec 2022 RMB'000	(Unaudited) 30 Jun 2023 RMB'000	(Audited) 31 Dec 2022 RMB'000
<i>Financial Assets</i>				
At amortised cost	<b>1,063,061</b>	1,674,781	<b>73,052</b>	55,731
<i>Financial liabilities</i>				
Amortised cost	<b>446,368</b>	643,644	<b>764</b>	1,812

### 6. Profit before taxation

#### 6.1 Significant items

	Group	
	(Unaudited) 1H2023 RMB'000	(Unaudited) 1H2022 RMB'000
Profit before tax is arrived at after charging/(crediting):		
Amortisation of land use rights	<b>322</b>	321
Depreciation of property, plant and equipment	<b>9,765</b>	10,891
Interest expenses	<b>1,455</b>	1,165
Interest income	<b>(8,743)</b>	(7,861)
Loss on disposal of property, plant and equipment	-	1,454
Net gain on foreign exchange	<b>(5,041)</b>	(1,165)

#### 6.2 Related party transactions

Group	(Unaudited)	(Unaudited)
	1H2023 RMB'000	1H2022 RMB'000
<i>With associated companies (subsidiary companies of HNEC)</i>		
Sales of goods	45,550	62,958
Purchases of goods and industrial steam	190,396	247,225
Rental expense	609	347
Advances given to	<b>166</b>	<b>148</b>
<i>With other subsidiary companies of HNEC</i>		
Sales of goods	5,008	8,741
Purchases of goods and industrial steam	19,371	97,597
Purchase of plant and equipment	1,774	-
Rental income	365	138
Rental expense	<b>2,646</b>	<b>111</b>

## E. Notes to the Condensed Interim Consolidated Financial Statements

### 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>1H2023</b>	<b>1H2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Current income tax expense	<b>1,863</b>	133,256
Withholding tax expense	<b>6,750</b>	4,750
	<b>8,613</b>	138,006

### 8. (Loss)/ 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:

	<b>Group</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>1H2023</b>	<b>1H2022</b>
(Loss)/ profit for the financial year attributable to equity holders of the Company (RMB'000)	<b>(162,310)</b>	385,583
Weighted average number of ordinary shares ('000)	<b>1,988,444</b>	1,988,444
(Loss)/ earnings per share (RMB cents)	<b>(8.16)</b>	19.39

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

### 9. Dividend

	<b>Group</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>1H2023</b>	<b>1H2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<u>Ordinary dividends paid:</u>		
Final tax-exempt dividends paid in respect of the previous financial year of SGD 0.0015 (2022: SGD 0.0012) per share	15,980	11,619
Interim tax-exempt dividends paid in respect of the current financial year of SGD 0.0090 (2022: SGD 0.0075) per share	95,877	72,748
	<b>111,857</b>	<b>84,367</b>

**E. Notes to the Condensed Interim Consolidated Financial Statements**
**10. Net Asset Value**

	Group		Company	
	(Unaudited) 30 Jun 2023	(Audited) 31 Dec 2022	(Unaudited) 30 Jun 2023	(Audited) 31 Dec 2022
Net asset value per ordinary share (RMB fen)	<b>47.68</b>	61.47	<b>20.39</b>	19.47

Net asset value per ordinary share as at 30 June 2023 and 31 December 2022 have been computed based on total issued shares of 1,988,444,000.

**11. Cash and cash equivalents**

	Group		Company	
	(Unaudited) 30 Jun 2023	(Audited) 31 Dec 2022	(Unaudited) 30 Jun 2023	(Audited) 31 Dec 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand and at bank	<b>572,966</b>	1,107,623	<b>5,845</b>	55,495
Fixed deposits	<b>229,938</b>	64,702	<b>66,969</b>	-
	<b>802,904</b>	1,172,325	<b>72,814</b>	55,495
Pledged fixed deposits	<b>(104,429)</b>	(64,702)	-	-
Cash and cash equivalents in the consolidated statement of cash flows	<b>698,475</b>	1,107,623	<b>72,816</b>	55,495

**12. Property plant and equipment**

During the half-year ended 30 June 2023, the Group acquired property, plant and equipment amounting to RMB 27,767,000 (30 June 2022: RMB 3,980,000) and depreciation charges RMB 9,765,000 (30 June 2022: RMB 10,891,000).

**13. Bank borrowings**

	Group	
	(Unaudited) 30 Jun 2023 RMB'000	(Audited) 31 Dec 2022 RMB'000
<u>Amount repayable within one year or on demand</u>		
Bank borrowings	-	10,000
Bills payable to banks	<b>152,942</b>	74,702
	<b>152,942</b>	84,702
<u>Amount repayable after one year</u>		
Bank borrowings	<b>81,940</b>	49,940

Security for bank borrowings

As at 31 December 2022, there was RMB 10 million short-term borrowings was unsecured, bear interest rate 3.7% and was fully repaid during the financial period.

As at 30 June 2023, there were RMB 49.94 million (31 December 2022: RMB 49.94 million) long-term borrowings guaranteed by the Group's related parties, Anyang Chemical Industry Group Co., Ltd. ("Anhua") and Anyang Jiulong Chemical Co., Ltd., bear interest rate 5.22% and payable in FY2024.

As at 30 June 2023, there were RMB 32 million (31 December 2022: Nil) long-term bank borrowings were unsecured, bear interest rate of 4.30% and payable in FY2028.

## E. Notes to the Condensed Interim Consolidated Financial Statements

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### 13. Bank borrowings (cont'd)

#### Security for bills payable to banks

Bills payable to banks have an average maturity period of 60 to 120 days and are interest-free as repayments will be made within the credit period. The bills payable to banks are secured by pledged bank deposits amounting of RMB 104.43 million (31 December 2022: RMB 64.70 million) and RMB 20 million is guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd (“HNEC”). A security deposit of RMB 5 million were pledged to HNEC for the aforementioned corporate guarantee provided.

### 14. Share capital

	Group and Company	
	30 Jun 2023 and 31 Dec 2022	
	Number of shares'000	RMB'000
<b>Issued and paid-up capital:</b>		
At beginning and end of the financial period	1,988,444	709,977

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

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.

### 15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## F. Other Information Required by Listing Rule Appendix 7C

**1(a)(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2022, 31 March 2023 and 30 June 2023	1,988,444,000	709,976,678

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 June 2022 and 30 June 2023.

**1(a)(ii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

There were no treasury shares as at 30 June 2023 and 31 December 2022. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2022 and 30 June 2023	1,988,444,000	709,976,678

**1(a)(iii) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the financial year reported on.

**1(a)(iv) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the financial year reported on.

## **F. Other Information Required by Listing Rule Appendix 7C**

### **2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The condensed consolidated statement of financial position of Jiutian Chemical Group Limited and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed statement of changes in equity and condensed consolidated statement of cash flows for the -half-year ended 30 June 2023 and explanatory notes have not been audited or reviewed.

### **3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable as the 1H2023 figures have not been audited or reviewed.

### **3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable. The Independent Auditor provided an unmodified audit opinion for the latest audited financial statements as at 31 December 2022.

### **4.A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.

#### **Review of performance of the Group**

#### **Commentaries on performance**

#### **1H2023**

Compared to 1H2022, revenue decreased mainly due to decrease in both sales volume and average selling prices of our main products, Dimethylformamide (“DMF”) and Methylamine. For 1H2023, average selling prices of DMF and Methylamine were RMB 5,320 per tonne and RMB 6,668 per tonne respectively, which were 62% and 63% lower than that for 1H2022. The sales volume of DMF and Methylamine in 1H2023 were 43% and 13% lower than that for 1H2022 respectively. The decrease in average selling prices of our products was mainly due to the twin impact of industry wide softening of demand and new production capacity for DMF and Methylamine 200,000 tons per year added by our new main competitor, Jiangxi Xinlianxin Chemical Industry Co., Ltd.

Year on year, the capacity utilisation of our DMF plant decreased from 69% to 45% whilst capacity utilisation rate of our Methylamine plant decreased from full capacity to 85%. The lower utilisation rate was primarily due to management's adjust production volume and balancing of the production mix to minimize the losses from low selling prices of the products.

Cost of sales decrease was mainly due to lower sale volume.

Resulting from a combination of the above factors, the Group's suffered a gross loss.

## **F. Other Information Required by Listing Rule Appendix 7C**

### **Commentaries on performance (cont'd)**

Other income increase was mainly due to higher interest income during the financial period arising from higher average bank balances during the financial period and net gain in foreign exchange arising from the revaluation of certain monetary assets and liabilities in holding company denominated in Singapore dollars.

Distribution cost decrease was mainly due to lower transportation cost incurred arose from lower sales volume during the financial period.

Higher finance cost incurred was due to higher bank borrowings during the financial period.

Share of profit from the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("**Anyang Jiulong**") decreased due to lower revenue arising from the challenging business environment.

As a result of the above, the Group recorded a net loss of RMB162.31 million attributable to the Shareholders for 1H2023.

### **Commentaries on balance sheet**

The Group's increase in non-current assets was mainly due to acquisition of property, plant and equipment related to the construction of the new 100,000 tons Methylamine plant and share of profit from associated companies as explained in the preceding paragraphs which is offset by the decrease in land use rights.

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

- a) a decrease in trade and other receivables, as lower revenue has generated during the financial period;
- b) a decrease in cash and cash equivalents was due to cash used in operating activities, investing activities and financing activity as presented in the cash flow statements; and
- c) partially offset with an increase in inventories largely due to increase in finished goods as the Group reduced the despatch of finished goods at low product prices.

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

- a) a decrease in gross trade and other payables due to lesser repayment to suppliers for trade bills payables using trade bills received from customers with longer credit repayment period
- b) a decrease in income tax payables due to net loss during the financial period;
- c) a decrease in contract liabilities due to lower average selling prices for our products; and
- d) partially offset with an increase in bank borrowings due to increase in bill payables to banks as more bill payables to bank was issued as repayment to trade bill payables.

The Group's increase in non-current liabilities was largely attributed to a drawdown of RMB 32 million as long-term bank borrowings.

The Group is in a net current assets position of RMB 726.37 million as at 30 June 2023.

### **Commentaries on cash flow**

Net cash used in operating activities in 1H2023 was mainly due to net losses generated in the financial period and net cash outflows arising from net working capital changes.

## F. Other Information Required by Listing Rule Appendix 7C

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### **Commentaries on cash flow (cont'd)**

Net cash used in investing activities in 1H2023 was mainly due to purchase of property, plant and equipment related to the construction of the new 100,000 tons Methylamine plant.

Net cash used in financing activities in 1H2023 was mainly due to dividend paid and increased in pledged bank deposits which partially offset by drawdown of RMB 32 million bank loan.

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

The 1H2023 result is consistent with the Company's profit guidance announced on 24 July 2023.

### **6.A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

As stated in the 1Q2023's commentary which was announced on 12 May 2023, the Group's financial performance continue affected by the significant downward correction of product prices across all main products of the Group, arising from the double effect of industry wide softening of demand and new production capacity added by the new main competitor in this industry. We have adjusted our production volume so as to minimize the losses arising from low product prices in 1H2023.

On a macro economic front, challenges such as trade tensions, geopolitical conflict and other uncertainties remain as peripheral concerns. In addition, the slower than expected recovery of the China's economy is dampening demand across the board. In view of the above, the business environment will remain challenging for the financial year. Going forward, the Group will continue to monitor the market condition closely and adapting its business strategies as and when appropriate.

### **Updates of the construction of the new 100,000-ton Methylamine plant**

This project is on schedule, and the management expects the construction of the new plant to be completed by the end of 2023 and the commercial production of Methylamine is expected to commence 1Q2024.

### **7. Dividend information**

**7a. Whether an interim (final) ordinary dividend has been declared (recommended; and**

**7b. (i) Amount per share (cents)**

**7c. Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Yes, an interim tax-exempt dividend of SGD 0.009 per share had been declared in first quarter 2023 and had been paid on 16 June 2023

### **7c. (ii) previous corresponding period (cents)**

An interim tax-exempt dividend of SGD 0.0075 per share had been declared in first quarter 2022 and had been paid on 17 June 2022.



**F. Other Information Required by Listing Rule Appendix 7C**
**7d The date the dividend is payable.**

Not applicable.

**7e The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable

**8. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

The Company had declared interim tax-exempt dividend of SGD 0.009 per share in first quarter 2023 and had been paid on 16 June 2023

**9. Interested person transactions**

The Company had at its annual general meeting held on 26 April 2023 obtained shareholders' approval for the renewal of the general mandate for IPTs. Save as disclosed below, there are no other IPTs equal to or above S\$100,000 in 1H2023.

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)
	1H2023	1H2023
Anyang Chemical Industry Group Co., Ltd ("Anhua") <sup>(1)</sup>	Security and fire protection service fees RMB 2.16 million	Sales of Repair Material, industrial steams and electricity RMB 6.71 million
	Purchase of plant and equipment RMB 1.74 million	Purchase of Raw Materials I and II RMB 16.34 million
	Project consultation fees RMB 1.91 million	Purchase of Repair Materials RMB 1.16 million
	Transportation fees RMB 0.81 million	Rental income of equipment RMB 0.52 million
		Rental expense of equipment RMB 12.24 million
Anyang Jiulong Chemical Co., Ltd <sup>(2)</sup>	Nil	Sale of Dimethylamine, Repair materials and electricity RMB 45.55 million
		Purchase of Raw Materials I and II RMB 190.40 million
		Rental of equipment RMB 0.61 million
Anyang Jiujiu Chemical Technology Co., Ltd <sup>(3)</sup>	Advances given for working capital purposes RMB 0.17 million	Nil
Total	RMB 6.79 million	

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## F. Other Information Required by Listing Rule Appendix 7C

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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.
- (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

### **10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

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

### **11. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A**

During 1H2023, the Company did not acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

## F. Other Information Required by Listing Rule Appendix 7C

### 12. Use of Net Proceeds

The following relates to the net proceeds of S\$9.97 million raised from the Placement that was completed on 27 October 2020:

<b>Purpose</b>	<b>Amount allocated (S\$'000)</b>	<b>Net proceeds utilised as at the date of announcement (S\$'000)</b>	<b>Balance unutilised (S\$'000)</b>
<b><u>Working Capital</u></b>			
- Wages and staff related cost		2,281	
- Directors' fee		652	
- Office rental		228	
- Professional fees		519	
- Other office expenses		322	
Total	<u>9,967</u>	<u>4,002</u>	<u>5,965</u>

The use of proceeds is consistent with the Company's proposed use of funds as set out in the announcement dated 27 October 2020.

### BY ORDER OF THE BOARD

Han Lianguo  
Non-executive and  
Non-independent Chairman  
3 August 2023

### **Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The directors of the Company do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited condensed interim financial statements of the Company and the Group for the first half ended 30 June 2023 to be false or misleading in any material respect.

### **On behalf of the Board of Directors**

Han Lianguo  
Non-executive and  
Non-independent Chairman  
3 August 2023

Song Fudong  
Non-executive and  
Non-independent Director

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This announcement has been reviewed by the Company's Sponsor, PrimePartners 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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