

# JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

## Unaudited Financial Statement Announcement for the Quarter Ended 30 June 2018.

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Unaudited Group Three months ended 30-Jun-18 RMB'000	Unaudited Group Three months ended 30-Jun-17 RMB'000	Increase/ (Decrease) %	Unaudited Group Six months ended 30-Jun-18 RMB'000	Unaudited Group Six months ended 30-Jun-17 RMB'000	Increase/ (Decrease) %
Revenue	351,310	249,078	41	677,294	519,707	30
Cost of sales	(300,066)	(206,658)	45	(569,664)	(457,774)	24
Gross profit	51,244	42,420	21	107,630	61,933	74
Other income	955	836	14	2,446	1,306	87
Distribution costs	(5,523)	(3,127)	77	(12,436)	(9,511)	31
Administrative expenses	(8,047)	(7,475)	8	(15,142)	(14,096)	7
Other expenses	(26)	(21)	n/m	60	(117)	n/m
Finance costs	(1,668)	(1,367)	22	(3,086)	(2,736)	n/m
Share of result of associated companies	(13,248)	78	n/m	(21,941)	404	n/m
Profit before tax	23,687	31,344	(24)	57,531	37,183	55
Tax expense	(8,210)	(7,001)	17	(19,810)	(7,099)	179
Profit and total comprehensive income for the period	15,477	24,343	(36)	37,721	30,084	25
Profit/ (loss) and total comprehensive income/ (loss) for the period attributable to:						
Equity holders of the Company	16,086	24,340		39,445	30,571	
Non-controlling interest	(609)	3		(1,724)	(487)	
	15,477	24,343		37,721	30,084	

n/m - not meaningful

**(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:-**

	Unaudited Group Three months ended 30-Jun-18 RMB'000	Unaudited Group Three months ended 30-Jun-17 RMB'000	Increase/ (Decrease) %	Unaudited Group Six months ended 30-Jun-18 RMB'000	Unaudited Group Six months ended 30-Jun-17 RMB'000	Increase/ (Decrease) %
Profit before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(17)	(17)	-	(33)	(33)	-
Amortisation of land use rights	165	234	(29)	399	467	(15)
Depreciation of property, plant and equipment	7,147	7,104	1	14,306	14,346	(1)
Interest expenses	1,663	1,367	22	3,081	2,736	13
Interest income	(245)	(43)	470	(366)	(215)	70
Net gain on disposal of property, plant and equipment	-	-	n/m	(295)	-	n/m
Net loss/(gain) on foreign exchange	26	21	24	(60)	109	(2)
Property, plant and equipment written off	-	-	n/m	-	8	n/m

n/m – not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Unaudited Group 30-Jun-18 RMB'000	Group 31-Dec-17 RMB'000	Unaudited Company 30-Jun-18 RMB'000	Company 31-Dec-17 RMB'000
<b>ASSETS</b>				
<b><u>Current assets</u></b>				
Cash and cash equivalents	135,277	148,713	4,514	2,346
Trade and other receivables	739,999	648,268	111	66
Inventories	39,626	36,568	-	-
<b>Total current assets</b>	<b>914,902</b>	<b>833,549</b>	<b>4,625</b>	<b>2,412</b>
<b><u>Non-current assets</u></b>				
Land use rights	4,946	5,345	-	-
Property, plant and equipment	291,571	305,320	-	-
Investment in subsidiary companies	-	-	203,023	203,023
Investment in associated companies	323,655	345,596	339,709	339,709
Deferred tax assets	12,157	12,157	-	-
<b>Total non-current assets</b>	<b>632,329</b>	<b>668,418</b>	<b>542,732</b>	<b>542,732</b>
<b>Total assets</b>	<b>1,547,231</b>	<b>1,501,967</b>	<b>547,357</b>	<b>545,144</b>
<b>LIABILITIES AND EQUITY</b>				
<b><u>Current liabilities</u></b>				
Bank borrowings	110,000	110,000	-	-
Trade and other payables	826,766	824,478	11,834	11,658
Income tax payables	16,197	11,909	-	-
<b>Total current liabilities</b>	<b>952,963</b>	<b>946,387</b>	<b>11,834</b>	<b>11,658</b>
<b><u>Non-current liabilities</u></b>				
Deferred income	161	194	-	-
<b>Total non-current liabilities</b>	<b>161</b>	<b>194</b>	<b>-</b>	<b>-</b>
<b><u>Capital and reserves</u></b>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(93,139)	(132,584)	(125,630)	(127,667)
<b>Equity attributable to equity holders of the Company</b>	<b>568,014</b>	<b>528,569</b>	<b>535,523</b>	<b>533,486</b>
Non-controlling interests	26,093	26,817	-	-
<b>Total equity</b>	<b>594,107</b>	<b>555,386</b>	<b>535,523</b>	<b>533,486</b>
<b>Total liabilities and equity</b>	<b>1,547,231</b>	<b>1,501,967</b>	<b>547,357</b>	<b>545,144</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

	<u>(Unaudited)</u> As at 30 June 2018		<u>(Audited)</u> As at 31 December 2017	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	110,000	-	110,000	-

**Amount repayable after one year**

	<u>(Unaudited)</u> As at 30 June 2018		<u>(Audited)</u> As at 31 December 2017	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	-	-	-	-

Details of any collaterals

As at 30 June 2018 and 31 December 2017, there were RMB 80 million short-term borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd..

As at 30 June 2018 and 31 December 2017, RMB 30 million of the short-term borrowings was guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd ("HNEC"). In addition, property, plant and equipment with carrying value of RMB 60 million and a security deposit of RMB 3 million were pledged to HNEC for the aforementioned corporate guarantee provided.

Bills payable to banks

As at 30 June 2018, there were RMB 86.5 million (31 December 2017: RMB 85.0 million) in bills payable to banks, under trade and other payables. Bills payable to banks have an average maturity period of 60 to 120 days and are interest-free as repayments will be made within the credit period. The bills payable to banks are secured by pledged bank deposits amounting of RMB 86.5 million (31 December 2017: RMB 85.0 million).

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	(Unaudited) Group Three months ended 30-Jun-18 RMB'000	(Unaudited) Group Three months ended 30-Jun-17 RMB'000	(Unaudited) Group Six months ended 30-Jun-18 RMB'000	(Unaudited) Group Six months ended 30-Jun-17 RMB'000
<b>Cash flows from operating activities</b>				
Profit before tax	23,687	31,344	57,531	37,183
Adjustments for:				
Amortisation of deferred income	(17)	(17)	(33)	(33)
Amortisation of land use rights	165	234	399	467
Depreciation of property, plant and equipment	7,147	7,104	14,306	14,346
Interest expense	1,663	1,367	3,081	2,736
Interest income	(245)	(43)	(366)	(215)
Net gain on disposal of plant and equipment	-	-	(295)	-
Property, plant and equipment written off	-	-	-	8
Share of result of associated companies	13,248	(78)	21,941	(404)
Operating cash flows before movement in working capital	45,648	39,911	96,564	54,088
Inventories	10,250	(25,954)	(3,058)	(23,239)
Receivables	(36,333)	57,384	5,906	20,886
Payables	33,839	(85,540)	788	(25,621)
Cash generated from/(used in) operations	53,404	(14,199)	100,200	26,114
Interest received	245	43	366	215
Income tax paid	(11,518)	-	(15,522)	-
Net cash generated from/(used in) operating activities	42,131	(14,156)	85,044	26,329
<b>Cash flows from investing activities</b>				
Advances to associated company	(10,730)	26,437	(97,637)	23,068
Purchase of property, plant and equipment (Note 1)	839	(9,126)	(629)	(12,255)
Proceed from disposal of property, plant and equipment (note 2)	-	-	367	-
Repayment of advances from related parties	-	1,404	-	1,404
Net cash (used in)/ generated from investing activities	(9,891)	18,715	(97,899)	12,217
<b>Cash flows from financing activities</b>				
Bank borrowings	-	-	-	(40,000)
Increase in pledged bank deposits	(6,500)	(16,000)	(1,500)	(14,531)
Increase in bill payables to bank	6,500	16,000	1,500	14,531
Interest paid	(1,663)	(1,367)	(3,081)	(2,736)
Proceeds from issuance of ordinary shares to non-controlling interests	1,000	-	1,000	-
Net cash used in financing activities	(663)	(1,367)	(2,081)	(42,736)
Net increase/ (decrease) in cash and cash equivalents	31,577	3,192	(14,936)	(4,190)
Cash and cash equivalents at beginning of period	17,200	6,726	63,713	14,108
Cash and cash equivalents at end of period	48,777	9,918	48,777	9,918
Cash and bank balances at end of period	135,277	39,948	135,277	39,948
Less: Pledged bank deposit	(86,500)	(30,030)	(86,500)	(30,030)
	48,777	9,918	48,777	9,918
<b>Note 1:Purchase of property, plant and equipment</b>				
Aggregate cost of property, plant and equipment acquired	(839)	9,126	629	12,255
Add: outstanding payables at the beginning of the period	24,456	19,316	24,456	19,316
Less: outstanding payables at the end of the period	(24,456)	(19,316)	(24,456)	(19,316)
	(839)	9,126	629	12,255

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Share capital	Accumulated losses	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>					
<b>Balance at 1 April 2018 (Unaudited)</b>	661,153	(109,225)	551,928	25,702	577,630
Capital injection by non-controlling interest	-	-	-	1,000	1,000
Profit/(loss) and total comprehensive income/(loss) for the financial period	-	16,086	16,086	(609)	15,477
<b>Balance at 30 June 2018 (Unaudited)</b>	<b>661,153</b>	<b>(93,139)</b>	<b>568,014</b>	<b>26,093</b>	<b>594,107</b>
<b>Balance at 1 April 2017 (Unaudited)</b>	661,153	(197,170)	463,983	27,069	491,052
Profit and total comprehensive income for the financial period	-	24,340	24,340	3	24,343
<b>Balance at 30 June 2017 (Unaudited)</b>	<b>661,153</b>	<b>(172,830)</b>	<b>488,323</b>	<b>27,072</b>	<b>515,395</b>

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
<b>Balance at 1 April 2018 (Unaudited)</b>	661,153	(123,848)	537,305
Loss and total comprehensive loss for the financial period	-	(1,782)	(1,782)
<b>Balance at 30 June 2018 (Unaudited)</b>	<b>661,153</b>	<b>(125,630)</b>	<b>535,523</b>
<b>Balance at 1 April 2017 (Unaudited)</b>	661,153	(244,534)	416,619
Profit and total comprehensive income for the financial period	-	4,365	4,365
<b>Balance at 30 June 2017 (Unaudited)</b>	<b>661,153</b>	<b>(240,169)</b>	<b>420,984</b>

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

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

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2018 and 31 December 2017.

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

There were no treasury shares as at 31 March 2018 and 31 December 2017. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		share capital
		RMB
As at 31 December 2017 and 30 June 2018	1,818,444,000	661,152,648

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

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

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

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

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

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group's financial statements for the financial year ending 31 December 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

Other than the adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2017.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of International Financial Reporting Standards.

In addition, during the current financial year, the Group and the Company have adopted the following new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from financial year beginning 1 January 2018:

- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers and Amendments to SFRS(I) Clarifications to SFRS(I) 15*
- Amendments to SFRS(I) 1-28 *Measuring an Associate or Joint Venture at Fair Value*
- Amendments to SFRS(I) 1-40 *Transfers of Investment Property*
- Amendments to SFRS(I) 1 *Deletion of short-term exemptions for first-time adopters*

The Group has performed a detailed analysis of the transition options and other requirements of SFRS(I) and has determined that there are no changes to the Group's current accounting policies under the Financial Reporting Standards in Singapore or material adjustments on the initial transition to the new framework.



**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

- (a) Based on the weighted average number of ordinary shares on issue; and  
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	(Unaudited) Group Three months ended 30 Jun 2018	(Unaudited) Group Three months ended 30 Jun 2017	(Unaudited) Group Six months ended 30 Jun 2018	(Unaudited) Group Six months ended 30 Jun 2017
Basic/ Diluted earnings per share (RMB fen)	0.88	1.34	2.17	1.68

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

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

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
 (b) immediately preceding financial year.

	(Unaudited) Group 30 Jun 2018	(Audited) Group 31 Dec 2017	(Unaudited) Company 30 Jun 2018	(Audited) Company 31 Dec 2017
Net asset value per ordinary share (RMB fen)	31.24	29.07	29.45	29.34

Net asset value per ordinary share as at 30 June 2018 and 31 December 2017 respectively have been computed based on total issued shares of 1,818,444,000.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.**

**Commentaries on performance**  
**2Q2018**

Revenues for 2Q2018 was RMB 351.3 million, a 41% increase from 2Q2017 of RMB 249.1 million, mainly due to increases in selling price of DMF and Methylamine. For 2Q2018, average selling prices of DMF and Methylamine was RMB 5,640 per tonne and RMB 8,518 per tonne respectively, which were 1% and 18% higher than that for 2Q2017. Sales volume of DMF and Methylamine in 2Q2018 were 44% and 13% higher than that of 2Q2017 respectively. The increase in average selling prices of the products were mainly due to a tighter industry supply arising from production stoppage and cut by other producers for various environmental compliance reasons.

Between 2Q2017 to 2Q2018, capacity utilisation of the Anyang Jiutian Fine Chemical Co., Ltd. ("**Anyang Jiutian**") (a wholly-owned subsidiary of the Company) DMF plant decreased from 73% to 71%, whilst capacity utilisation of the Anyang Jiutian methylamine plant remained at 100%.

Cost of sales increased by 45% to RMB 300.07 million in 2Q2018 as a result of increase in sales volume and increase in purchase price of raw material.

Gross profit increased from RMB 42.4 million in 2Q2017 to RMB 51.2 million in 2Q2018 in line with the increase in revenue, while gross profit margins decreased marginally from 17% in 2Q2017 to 15% in 2Q2018.

Distribution costs increased by RMB 2.4 million to RMB 5.5 million in 2Q2018, mainly due to an increase of transportation costs under Anyang Jiutian in line with higher sales volume of both DMF and methylamine during the financial period.

Administrative expenses increased by 8% to RMB 8.0 million in 2Q2018 mainly due to higher staff cost incurred.

Share of results of associated companies mainly pertains to the share of profit from the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("**Anyang Jiulong**"), of RMB 1.0 million and share of loss from Anyang Jiujiu Chemical Technology Co., Ltd. ("**Anyang JiuJiu**"), an associated company in which the Group has an effective interest of 74%, of RMB 14.2 million. Anyang Jiulong generated revenue from the production and sales of DMAC to third parties, industrial steam and electricity to Anyang Jiutian and Anhua Chemical Industry Group Co., Ltd. Anyang Jiujiu generated revenue from sales of sodium hydrosulfite and its main feedstocks which are mainly, sodium matabisulfite and liquid sulphur dioxide. Anyang Jiujiu suffered a financial loss in 2Q2018 due to: (i) additional cost incurred in the fine tuning and adjustment of production process (ii) general weakness in sodium hydrosulfite market in 1H2018. Notwithstanding market price fluctuations, we are confident that we will be able to improve on our production efficiency in 2H2018 which will allow us to reduce our production costs and make our products more competitive.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.**

**Commentaries on balance sheet and cash flow**

**Group's balance sheet:**

The Group's current assets as at 30 June 2018 was RMB 914.9 million, an increase of RMB 81.4 million from RMB 833.5 million as at 31 December 2017. The increase was largely attributed to:

- a. An increase in trade and other receivables of RMB 91.7 million mainly due to an increase in advances of RMB 97.6 million to Anyang Jiujiu for the repayment of Anyang Jiujiu's bank borrowings relating to the construction of its plants which were completed in 2015 and for working capital, partially offset by a decrease in trade receivables of RMB 5.9 million. The said advances were provided in proportion to the Group's effective interest in Anyang Jiujiu of 74%;
- b. Partially offset by a decrease in cash and cash equivalents of RMB 13.4 million due largely to cash used in investing and financing activities as presented in the cash flow statements.

The Group's non-current assets decreased by RMB 36.1 million due largely to:

- a. Share of loss from associated companies of RMB 21.9 million as explained in the preceding paragraphs; and
- b. The decrease in property, plant and equipment of RMB 13.7 million comprising mainly of depreciation charges of RMB 14.3 million partially offset by purchase of property, plant and equipment of RMB 0.6 million.

The Group's current liabilities as at 30 June 2018 was RMB 953.0 million, a increase of RMB 6.6 million compared to that as at 31 December 2017. The increase was largely attributed to:

- a. Increase in bill payables to bank of RMB 1.5 million as more suppliers had opted for trade bills as a form of repayment; and
- b. Increase in income tax payables of RMB 4.3 million attributing to higher profit before tax for the financial period.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the financial period reported on.**

#### **Commentaries on balance sheet and cash flow (cont'd)**

##### **Group's balance sheet:**

As at 30 June 2018, current liabilities of the Group exceeded current assets by RMB 38.1 million, attributable to the losses incurred in prior years and in connection with such losses, the extension of financial support such as longer credit terms from the Group's principal supplier and substantial shareholder, Anyang Chemical Industry Group Co., Ltd ("**Anhua**"), and its 49% associated company, Anyang Jiulong, during the relevant periods. The Group believes that it will be able to repay its current liabilities as and when it falls due as a part of the Group's current liabilities amounting to RMB 121.7 million are owing to Anhua and Anyang Jiulong and the Group has obtained continued financial support from Anhua and Anyang Jiulong, which had agreed to defer payments of trade payables owing to them till Anyang Jiutian is able to settle its other liabilities.

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

##### **Group's cash flow**

Net cash generated from operating activities of RMB 42.1 million in 2Q2018 was mainly due to profit before tax and adjustment for depreciation of property, plant and equipment.

Net cash used in investing activities of RMB 9.9 million in 2Q2018 was mainly due to advances provided to Anyang Jiujiu.

Net cash used in financing activities of RMB 0.7 million in 2Q2018 was mainly due to interest paid during the financial period.

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

The Group's profitability for 2Q2018 was in line with the Paragraph 10 commentary within the Company's 1Q2018 results announcement.

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

The Purchasing Managers' Index (PMI) of China fell to 51.5 in June from 51.9 in May as escalating trade tensions with the United States fuel concerns about a slowdown in Chinese economy. The escalating trade frictions between China and the United States have brought significant uncertainties to prospects for China's economy.

In view of above, the business environment will likely remain challenging for the rest of the year. The Group needs to stay vigilant and monitor the market condition closely, adapting its business strategies as and when appropriate.

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

Nil

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

Nil

**(c) Date payable**

NA.

**(d) Books closure date**

NA.

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

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

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company had at its annual general meeting held on 27 April 2018 obtained its shareholders' approval for the renewal of the general mandate for IPTs.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	1H2018	1H2018
Anyang Chemical Industry Group Co., Ltd	Sales of DMAC  RMB 1.31 million	Sales of Repair Material, industrial steams and electricity  RMB 20.62 million
		Purchase of Raw Materials I and II (as defined in shareholders' mandate)  RMB 68.42 million
		Purchase of Repair Materials  RMB 2.81 million
		Rental of equipment  RMB 0.71 million
Anyang Jiulong Chemical Co., Ltd	Nil	Sale of Dimethylamine  RMB 13.06 million
		Purchase of electricity and industrial steam  RMB 75.11 million

Save as disclosed above, there are no other IPTs above S\$100,000 in 1H2018.

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

We, Wang Yiming and Zhou Hongxuan, being two directors of Jiutian Chemical Group Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Company and the Group for the second quarter ended 30 June 2018 to be false or misleading in any material respect.

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

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

#### **BY ORDER OF THE BOARD**

Name: Zhou Hongxuan  
Designation: Chief Executive Officer  
Date: 14 August 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

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