

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Unaudited Financial Statement Announcement for the Full Year Ended 31 December 2019

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 Twelve months ended 31-Dec-19 RMB'000	Audited Group Twelve months ended 31-Dec-18 RMB'000	Increase/ (Decrease) %	Unaudited Group Three months ended 31-Dec-19 RMB'000	Unaudited Group Three months ended 31-Dec-18 RMB'000	Increase/ (Decrease) %
Revenue	1,054,460	1,308,273	(19)	212,971	341,325	(38)
Cost of sales	(979,571)	(1,175,628)	(17)	(199,632)	(311,909)	(36)
Gross profit	74,889	132,645	(44)	13,339	29,416	(55)
Other income	3,696	4,636	(20)	186	1,091	(83)
Distribution costs	(22,672)	(20,904)	8	(4,335)	(2,253)	92
Administrative expenses	(25,696)	(27,350)	(6)	(7,443)	(5,023)	48
Other expenses	(96,753)	(36)	n/m	(96,315)	(23)	n/m
Finance costs	(5,836)	(5,398)	8	(1,516)	(596)	154
Share of result of associated companies	(146,772)	(48,383)	203	(118,603)	(15,569)	662
(Loss)/ profit before tax	(219,144)	35,210	n/m	(214,687)	7,043	n/m
Tax expense	(9,541)	(14,259)	(33)	(2,824)	1,107	n/m
(Loss)/ profit and total comprehensive (loss)/ income for the period	(228,685)	20,951	n/m	(217,511)	8,150	n/m
(Loss)/ profit and total comprehensive (loss)/ income for the period attributable to:						
Equity holders of the Company	(225,825)	22,079		(214,923)	7,135	
Non-controlling interest	(2,860)	(1,128)		(2,588)	1,015	
	(228,685)	20,951		(217,511)	8,150	

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 Twelve months ended 31-Dec-19 RMB'000	Audited Group Twelve months ended 31-Dec-18 RMB'000	Increase/ (Decrease) % %	Unaudited Group Three months ended 31-Dec-19 RMB'000	Unaudited Group Three months ended 31-Dec-18 RMB'000	Increase/ (Decrease) % %
Profit before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(64)	(65)	(2)	(16)	(16)	-
Amortisation of land use rights	644	721	(11)	161	161	-
Depreciation of property, plant and equipment	27,182	28,362	(4)	6,125	6,711	(9)
Interest expenses	5,836	5,398	8	1,516	596	154
Interest income	(2,189)	(1,640)	33	(95)	(148)	(36)
Net gain on disposal of property, plant and equipment	(239)	(845)	(72)	-	(550)	n/m
Net loss on foreign exchange	169	36	369	22	23	(4)
Impairment loss on investment in associates	78,692	-	n/m	78,692	-	n/m
Allowances for doubtful receivables	17,892	-	n/m	17,892	-	n/m

n/m- not meaningful

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

	Unaudited Group 31-Dec-19 RMB'000	Audited Group 31-Dec-18 RMB'000	Unaudited Company 31-Dec-19 RMB'000	Audited Company 31-Dec-18 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	400,842	230,437	565	1,825
Trade and other receivables	475,450	580,943	394	117
Inventories	23,975	42,512	-	-
Total current assets	900,267	853,892	959	1,942
<u>Non-current assets</u>				
Land use rights	3,980	4,624	-	-
Property, plant and equipment	258,641	289,073	-	-
Investment in subsidiary companies	-	-	257,736	218,023
Investment in associated companies	71,749	297,213	71,749	339,709
Deferred tax assets	8,987	12,264	-	-
Total non-current assets	343,357	603,174	329,485	557,732
Total assets	1,243,624	1,457,066	330,444	559,674
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Bank borrowings	120,000	110,000	-	-
Trade and other payables	754,670	736,113	11,022	11,659
Contract liabilities	13,754	22,157	-	-
Income tax payables	1,983	6,830	-	-
Total current liabilities	890,407	875,100	11,022	11,659
<u>Non-current liabilities</u>				
Deferred income	2,065	2,129	-	-
Total non-current liabilities	2,065	2,129	-	-
<u>Capital and reserves</u>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(336,330)	(110,505)	(341,731)	(113,138)
Equity attributable to equity holders of the Company	324,823	550,648	319,422	548,015
Non-controlling interests	26,329	29,189	-	-
Total equity	351,152	579,837	319,422	548,015
Total liabilities and equity	1,243,624	1,457,066	330,444	559,674

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

Amount repayable in one year or less, or on demand

	<u>(Unaudited)</u> As at 31 December 2019		<u>(Audited)</u> As at 31 December 2018	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	120,000	-	110,000	-

Amount repayable after one year

	<u>(Unaudited)</u> As at 31 December 2019		<u>(Audited)</u> As at 31 December 2018	
	<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 31 December 2019, there were RMB 90 million (31 December 2018: RMB 80 million) short-term bank borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 31 December 2019, there were RMB 30 million (31 December 2018: RMB 30 million) short-term bank borrowings guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd ("HNEC"). A security deposit of RMB 3 million was pledged to HNEC for the aforementioned corporate guarantee provided.

Bills payable to banks

As at 31 December 2019, there were RMB 324.10 million (31 December 2018: RMB 197.15 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 which amounted to RMB 264.12 million as at 31 December 2019 (31 December 2018: RMB 167.15 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 Twelve months ended 31-Dec-19 RMB'000	(Audited) Group Twelve months ended 31-Dec-18 RMB'000	(Unaudited) Group Three months ended 31-Dec-19 RMB'000	(Unaudited) Group Three months ended 31-Dec-18 RMB'000
Cash flows from operating activities				
(Loss)/ profit before tax	(219,144)	35,210	(214,687)	7,043
Adjustments for:				
Allowances for doubtful debts	17,892	-	17,892	-
Amortisation of deferred income	(64)	(65)	(16)	(16)
Amortisation of land use rights	644	721	161	161
Depreciation of property, plant and equipment	27,182	28,362	6,125	6,711
Impairment loss on investment in associates	78,692	-	78,692	-
Interest expense	5,836	5,398	1,516	596
Interest income	(2,189)	(1,640)	(95)	(148)
Net gain on disposal of plant and equipment	(239)	(845)	-	(550)
Property, plant and equipment expense-off to cost of sales	-	9,775	-	9,775
Share of result of associated companies	146,772	48,383	118,603	15,569
Unrealised exchange loss	(156)	(140)	(156)	(140)
Operating cash flows before movement in working capital	55,226	125,159	8,035	39,001
Inventories	26,803	(5,944)	4,687	(8,642)
Receivables	105,045	109,545	106,580	(28,555)
Payables	(118,196)	(180,650)	(16,569)	(29,670)
Cash generated from operations	68,878	48,110	102,733	(27,866)
Interest received	2,189	1,640	95	148
Income tax paid	(11,111)	(19,445)	2,181	(1)
Net cash generated from/(used in) operating activities	59,956	30,305	105,009	(27,719)
Cash flows from investing activities				
(Advances to)/ repayment from associated company	(17,451)	(42,223)	33	(2,382)
Purchase of property, plant and equipment (Note 1)	(3,420)	(17,706)	-	(15,158)
Proceed from disposal of property, plant and equipment	239	1,055	-	688
Net cash (used in)/ generated from investing activities	(20,632)	(58,874)	33	(16,852)
Cash flows from financing activities				
Drawdown of bank borrowings	120,000	110,000	-	50,000
Repayment of bank borrowings	(110,000)	(110,000)	-	-
(Increase in)/ decrease in from pledged bank deposits	(96,965)	(82,150)	(93,138)	25,850
Increase in/ (decrease in) bill payables to bank	126,948	112,150	93,146	(25,850)
Interest paid	(5,836)	(5,297)	(1,516)	(495)
Proceeds from issuance of ordinary shares to non-controlling interests	-	3,500	-	-
Net cash generated from/ (used in) financing activities	34,147	28,203	(1,508)	49,505
Net increase/ (decrease) in cash and cash equivalents	73,471	(366)	103,534	4,934
Cash and cash equivalents at beginning of period	63,287	63,713	33,224	58,413
Effect of exchange rate changes on cash and cash equivalents	(31)	(60)	(31)	(60)
Cash and cash equivalents at end of period	136,727	63,287	136,727	63,287
Cash and bank balances at end of period	400,842	230,437	400,842	230,437
Less: Pledged bank deposit	(264,115)	(167,150)	(264,115)	(167,150)
	136,727	63,287	136,727	63,287
Note 1:Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	5,016	22,100	-	19,552
Add: outstanding payables at the beginning of the period	28,850	24,456	30,446	24,456
Less: outstanding payables at the end of the period	(30,446)	(28,850)	(30,446)	(28,850)
	3,420	17,706	-	15,158

1(d)(ii) 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 30 September 2019 and 31 December 2019	1,818,444,000	661,152,648

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

There were no treasury shares as at 31 December 2019 and 31 December 2018. 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 2019 and 31 December 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.

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 Company's audit issue is a material uncertainty relating to going concern.

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 ended 31 December 2019 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council.

Other than adoption of new framework and 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 the computation adopted in the financial statements for the current year as compared to the most recent audited annual financial statements as at 31 December 2018.

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

The Group and the Company have adopted all new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the financial year beginning 1 January 2019, where applicable. The adoption of new SFRS(I)s, amendments and interpretations of SFRS(I)s is assessed to have no material impact to the results and financial position of the Group and of the Company for the current financial reporting year.

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 Twelve months ended 31 Dec 2019	(Audited) Group Twelve months ended 31 Dec 2018	(Unaudited) Group Three months ended 31 Dec 2019	(Unaudited) Group Three months ended 31 Dec 2018
Basic/ Diluted (loss)/ earnings per share (RMB fen)	(12.42)	1.21	(11.82)	0.39

Loss per share ("LPS") / Earnings per share ("EPS") for the respective financial periods are computed based on the net (loss)/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 LPS/EPS are the same as there were no potentially dilutive securities in issue during the respective financial periods.

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	(Unaudited) Group 31 Dec 2019	(Audited) Group 31 Dec 2018	(Unaudited) Company 31 Dec 2019	(Audited) Company 31 Dec 2018
Net asset value per ordinary share (RMB fen)	17.86	30.28	17.57	30.14

Net asset value per ordinary share as at 31 December 2019 and 31 December 2018 respectively have been computed based on total issued shares (excluding treasury 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

FY2019

Revenues decreased mainly due to decreases in both selling price and sales volume of Dimethylformamide (“**DMF**”) and Methylamine. For FY2019, average selling prices of DMF and Methylamine were RMB 4,462 per tonne and RMB 7,295 per tonne respectively, which were 20% and 14% lower than that for FY2018. The decrease in average selling prices of the products were mainly due to challenging market condition. Sales volume of DMF and Methylamine in FY2019 were 4% and 9% lower than that of FY2018 respectively.

Year on year, capacity utilisation of Anyang Jiutian Fine Chemical Co., Ltd's (“Anyang Jiutian”) DMF plant decreased from 70% to 62% whilst capacity utilisation of the Anyang Jiutian methylamine plant decreased from 100% to 99%. There was a scheduled major maintenance shutdown of approximately 20 days for both plants during the third quarter of the current financial year, resulting in an overall decrease in capacity utilisation of both plants.

Gross profit margin decreased mainly due to the lower sales prices of DMF and Methylamine during the financial year.

Other income decreased mainly due to lesser management fees received and lower gain on disposal of property plant and equipment, partially offset by higher interest income mainly attributable to an increase in pledged bank deposits during the financial year.

Distribution costs increased mainly due to an increase in transportation costs under Anyang Jiutian as there was an increase in transportation fees charged by the transportation company as motor vehicles who fail to meet the Fifth Stage Emission Limits of National Motor Vehicle Emission Standards were prohibited on the road during the financial year.

Administrative expenses decreased mainly due to lower staff related expenses as lesser performance bonus were given during the year.

Other expense mainly consists of impairment loss on investment in associated companies as mentioned below, arising for the periodic assessment of the recoverable amounts based on their expected future cash flows.

The increase in finance cost was mainly due to increase in bank borrowings during the financial year.

Share of loss of associated companies in FY2019 is mainly due to:

- (i) share of loss of RMB 19.12 million (FY2018: share of profit RMB 0.86 million) from the Company's 49% associated company, Anyang Jiulong Chemical Co., Ltd ("**Anyang Jiulong**"). The losses were mainly due to an unexpected temporary shutdown of operation for one of the boiler for repair and maintenance during the third quarter of the financial year which later resumed its operations in 4Q2019; and
- (ii) share of loss of RMB 127.65 million (FY2018: share of loss of RMB 49.25 million) from Anyang Jiujiu Chemical Technology Co., Ltd ("**Anyang Jiujiu**"), an associated company in which the Group has an effective interest of 74%. Anyang Jiujiu suffered a financial loss in FY2019 due to mainly due to material impairment for its Sodium Hydrosulfite plant (the "**Plant**"), arising from the periodic assessment of the recoverable amounts based on expected future cash flows of the Plant. The performance of the Plant has been impacted by a combination of economic and industry factors including China-US trade war causing a general slowdown in China's economy, resulting in weaker demand for Sodium Hydrosulfite; and strict industry-wide environmental control policies causing unplanned stoppages, resulting in low production volume and higher production cost.

Commentaries on balance sheet and cash flow

Group's balance sheet:

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

- a. cash and cash equivalents due largely to cash generated from operating activities and financing activities as presented in the cash flow statements;

offset by the decrease in:

- a. trade receivables as a result of decrease in revenue in FY2019; and
- b. inventories due largely to lesser finished goods kept as at 31 December 2019 due to customers stocking up on more goods to operate over early Chinese New Year holidays beginning 25 January 2020.

The Group's non-current assets decreased largely due to the decrease in:

- a. land use rights arising from amortisation.
- b. property, plant and equipment comprising mainly of depreciation charges partially offset by purchase of property, plant and equipment; and
- c. investment in associated companies arising from share of loss from associated companies and provision of impairment loss on investment in associated companies as explained in the preceding paragraphs.

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

- a. a drawdown of bank borrowings during the financial year for the purposes of working capital;
- b. an increase in trade bills payables to banks as more suppliers opted for trade bills as a form of repayment; and

partially offset by a decrease in:

- a. a decrease in trade and other payables due to higher repayment made;
- b. contract liabilities due to lesser advance receipts from customers; and
- c. income tax payables due to lower profit before tax recorded in Anyang Jiutian's book.

Working Capital

The Group is in a net current assets position as at 31 December 2019 of RMB 27.75 million.

Group's cash flow

Net cash generated from operating activities in FY2019 was mainly due to the inflow from operations and working capital changes caused by decrease in inventories and trade receivables and partially offset by decrease in trade payables due to higher repayment made.

Net cash used in investing activities in FY2019 was mainly due to advance provided to Anyang Jiujiu for working capital purposes and purchase of property, plant and equipment.

Net cash generated from financing activities in FY2019 was mainly due to increase in bank borrowings and increase in bill payables to banks, partially offset by an increase in pledged bank and interest paid during the financial year.

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

Not applicable. No forecast or prospect statements have been previously disclosed to shareholders.

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 current 2019 Novel Coronavirus (COVID-19) epidemic is expected to have a negative impact on our business.

In view of above, the business environment will remain very challenging for the year. The Group's performance will continue to be affected by the ongoing China-US trade war, a general slowdown in China's economy and weaker demand for chemical products in China, including DMF, Methylamine and sodium hydrosulfite.

The Group will continue to monitor the market condition closely and adapting its business strategies as and when appropriate.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
Nil

(b)(i) Amount per share (cents)
Nil.

(ii) Previous corresponding period (cents)
Nil.

(c) 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).

NA.

(d) The date the dividend is payable.

NA.

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

NA.

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

No dividend has been recommended for the current financial year reported on. The Company wishes to reserve adequate resources for the Company's ongoing projects and to respond to any adverse changes in the macroeconomic environment.

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 25 April 2019 obtained its 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 FY2019.

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)
	FY2019	FY2019
Anyang Chemical Industry Group Co., Ltd ⁽¹⁾	Sales of Dimethylacetamide RMB 3.08 million	Sales of Repair Material, industrial steams and electricity RMB 48.92 million
		Purchase of Raw Materials I and II (as defined in shareholders' mandate) RMB 265.09 million
		Purchase of Repair Materials RMB 18.38 million
		Rental of equipment RMB 0.64 million
Anyang Jiujiu Chemical Technology Co., Ltd ⁽²⁾	Advances given for working capital purposes ("Advances") RMB 17.45 million	Nil

Anyang Jiulong Chemical Co., Ltd ⁽³⁾	Nil	Sale of Dimethylamine
		RMB 26.09 million
		Rental of equipment
		RMB 0.69
		Purchase of electricity and industrial steam
		RMB 101.49 million

Note:

- (1) Anhua is the holding company of Anyang Longyu (HK) Development Co., Ltd. ("Anyang Longyu"), a major shareholder of the Company. Anyang Longyu holds approximately 27.63% of the issued share capital of the Company.
- (2) 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 Anhua, Anhua would have control over Anyang Jiujiu through Anyang Jiulong. Accordingly, Anyang Jiujiu deemed to be a subsidiary of Anhua, the holding company of the controlling shareholder, and is considered to be an "interested person".

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. The Advances are interest-free, payable on demand and is guaranteed by a related party of the Group, Anhua.

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

- (3) Anyang Jiulong is a joint venture between Jiutian Chemical Group Limited and Anhua pursuant to which Anhua holds 51% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiulong.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has only one major reportable segment, which is manufacturing and selling of chemical-based products, i.e. Methylamine and DMF. All the Group's sales and major assets are in the People's Republic of China. Accordingly, no segment information is presented.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See paragraph 14 above.

16. A breakdown of sales

The following table shows the breakdown of sales and net profit during the first and second halves of FY2019 and FY2018.

Group	FY2019 RMB'000	FY2018 RMB'000	% increase / (decrease)
a) Sales reported for first half year	596,161	677,294	(11.98)
b) Net (loss)/ profit attributable to the equity holders of the Company for the first half year	(13,256)	39,445	n/m
c) Sales reported for second half year	458,299	630,979	(27.37)
d) Net profit/ (loss) attributable to the equity holders of the Company for the second half year	(212,569)	(17,366)	n/m

n/m- not meaningful

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. There were no dividend paid for FY2019 and FY2018.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Board of Directors confirms that there is no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of a director, executive officer or substantial shareholder of the Company during the financial year and up to the date of this announcement.

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

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

BY ORDER OF THE BOARD

Name: Han Lianguo
Designation: Non-executive and Non-independent Chairman
Date: 26 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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