

**News release**

**Jiutian recorded RMB 162 million loss in 1H2023**

The Board of Directors of Jiutian Chemical Group Limited (“**Jiutian**”) wishes to announce that after 3 consecutive years of profits from financial year ended 31 December 2020 (“**FY2020**”), the Group has recorded a loss of RMB 162 million in the first half ended 30 June 2023 (“**1H2023**”). The sharp turn in financial performance was mainly due to a significant downward correction of product prices across all main products of the Group, namely Dimethylformamide (“**DMF**”) and Methylamine. The average selling prices of DMF and Methylamine were 62% and 63% lower than in the corresponding period of the first half ended 30 June 2022 (“**1H2022**”). The decline in prices, which started in the fourth quarter ended 31 December 2022 (“**4Q2022**”), were mainly due to the twin impact of industry wide softening of demand due to slower than expected economic recovery in China and addition of new capacity by our new main competitor, Jiangxi Xinlianxin Chemical Industry Co., Ltd., which has a total DMF capacity of 200,000 tons per year, compared to Jiutian’s 150,000 tons per year.

Jiutian’s Chairman, Han Lianguo, said, “We regret to announce a loss in 1H2023 after 3 years of continuous profits from FY2020. This was despite our efforts to contain the losses (such as adjusting our production volume in 1H2023 to achieve optimal financial performance, while continuing to supply strategically to long term customers and protect market share), against a very difficult environment of industry wide softening demand and increased supply.

Going forward, the business environment will remain challenging for the financial year ending 31 December 2023. The Group will continue to monitor the market condition closely and adapt its business strategies as appropriate.”

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