

JIUTIAN CHEMICAL GROUP LIMITED

(Incorporated in the Republic of Singapore under Registration No.: 200415416H)

**ANNOUNCEMENT PURSUANT TO RULE 704(5) OF THE LISTING MANUAL
EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON FINANCIAL
STATEMENTS**

In compliance with Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Board of Directors of Jiutian Chemical Group Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's auditor, Baker Tilly TFW LLP, has issued an emphasis of matter in the Independent Auditors' Report on the Company's and Group's financial statements for the financial year ended 31 December 2014 ("FY2014").

A copy of the aforesaid Independent Auditors' Report together with an extract of the relevant note of the Company's consolidated financial statements for FY2014 is annexed to this announcement for reference.

The Company's Annual Report for FY2014, which will contain the Independent Auditors' Report and the Company's consolidated financial statements for FY2014 will be despatched to shareholders and to the SGX-ST on or around 14 April 2015.

By Order of the Board

Sun Zhiqiang
Acting Chief Executive Officer

Date: 6 April 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JIUTIAN CHEMICAL GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Jiutian Chemical Group Limited (the "Company") and its subsidiary companies (the "Group") set out on pages 8 to 49, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JIUTIAN CHEMICAL GROUP LIMITED (cont'd)**

Report on the Financial Statements (cont'd)

Emphasis of Matter

We draw attention to Note 2(a) to the financial statements with respect to the Group's ability to continue as a going concern. At 31 December 2014, the Group's current liabilities exceeded its current assets by RMB150.78 million. This factor indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The financial statements have been prepared on a going concern basis and did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. The validity of the going concern basis on which the financial statements are prepared depends on management's assessment of the Group's ability to operate as a going concern as set forth in Note 2(a) to the financial statements. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 April 2015

2 Summary of significant accounting policies

(a) Going concern

At 31 December 2014, the Group's current liabilities exceeded its current assets by RMB150.78 million (2013: RMB211.75 million). This factor indicates the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The ability of the Group to continue as a going concern is dependent on:

- (i) the continuing financial support from Anyang Chemical Industry Group Co., Ltd. ("Anhua") and Anyang Jiulong Chemical Co., Ltd. ("Anyang Jiulong"), both are subsidiary companies of Henan Energy and Chemical Industry Group Co., Ltd ("HNEC"), a related party of the Group. The details of the financial support are described in Note 22;
- (ii) the ability of the Group to generate sufficient cash flows from its operations to meet its current and future obligations; and
- (iii) the availability of credit facilities from the Group's lenders over the next twelve months.

Management has taken the following measures to improve the Group's operational performance and financial position:

- (i) sourced for new customers and held discussions with the Group's major customers to seek higher sales volume and negotiate for better prices;
- (ii) the Group has obtained continuing financial support from Anhua and Anyang Jiulong. The details of the financial support are described in Note 22; and
- (iii) continuously seek improvements in the production efficiency of the Group's production facilities through technological enhancements and system re-engineering in order to further reduce the costs of production.

After considering the measures taken described above, the Group believes that it has adequate resources to continue its operations as a going concern. For these reasons, the Group continues to adopt the going concern assumption in the preparation of the financial statements.

The financial statements did not include any adjustments that may result in the event that the Group is unable to continue as a going concern. In the event that the Group is unable to continue as a going concern, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities.