
RESPONSE TO SGX QUERY IN RESPECT OF THE ANNOUNCEMENT FOR THE ANNUAL REPORTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors (the “Board”) of Jiutian Chemical Group Limited (the “Company” or the “Group”) would like to respond to the following query raised by SGX on 20 April 2016 (“SGX Query”) in respect of the announcement for the Annual Report for the financial year ended 31 December 2015 as follows:-

SGX Query:

For the Exchange’s consideration under Rule 1303(3)(c) and noting the Independent Auditor’s findings on “Going concern” on page 42 of the Company’s annual report, please provide the following information:-

- (a) the Board’s opinion if the Company will be able to operate as going concern and basis for the Board’s view.
- (b) the Board’s confirmation that all material disclosures have been provided for trading of the Company’s shares to continue.

Company’s response:

A substantial part of the Group’s current liabilities are owed to its principal supplier and major shareholder, Anyang Chemical Industry Group Co., Ltd. (“Anhua Group”) and to its associated company, Anyang Jiulong Chemical Co., Ltd. (“Anyang Jiulong”), which totalled RMB 229.90 million, exceeding the negative working capital of RMB 115.85 million. On 14 January 2016, the Group secured a letter agreement of continued financial support from Anhua Group and Anyang Jiulong, which had agreed to defer payments of trade and other payables owing to them till Anyang Jiutian is able to settle its other liabilities. This will be for a period of 2 years ending 31 December 2017, at which the arrangement will be further reviewed.

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

The Board is not aware of any other material information which has not been disclosed for the Company’s shares to continue.

By Order of the Board,

Sun Zhiqiang
Acting Chief Executive Officer
20 April 2016