
RESPONSE TO SGX QUERY IN RESPECT OF THE RESULT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 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 8 May 2015 (“SGX Query”) in respect of the result announcement for the financial period ended 31 March 2015 as follows:-

SGX Query:

We note on page 10 of the Results Announcement that there is an increase of advances to Anyang Jiujiu Chemical Technology Co., Ltd (“Anyang Jiujiu”) for the construction of plants is RMB34.3 million. As the construction of plants amounting to RMB34.3 million is material, please provide the following details:-

- a) Details on these plants under construction;
- b) How the total construction will be funded and contribution by each of the various shareholders; and
- c) Operational financial impact of such construction on the future operations of Anyang Jiujiu.

Company’s response:

The Board of Directors of the Company refers to its announcement dated 7 April 2015 and would like to reiterate and expand on the information contained therein to answer SGX’s query in relation to the investment of project sodium hydrosulfite (the “Project”).

- a) the details of the plants under construction are as follows:
 - i. 45,000 tons of sodium formate (HCOONa);
 - ii. 45,000 tons of sodium matabisulfite (Na₂S₂O₅);
 - iii. 45,000 tons of liquid sulphur dioxide (SO₂); and
 - iv. 140,000 tons of sodium hydrosulfite (Na₂S₂O₄).

- b) The total investment for the Project is approximately RMB 527 million (subject to the finalisation of the report of completion from EPC contractor) and is funded by a combination of internal resources (advances obtained from Anhua Group and the Group) and external borrowings.

The funding of the investment as at 30 April 2015 is as follow:

	RMB '000
Share capital:	
- Jiutian Chemical Group Limited (49%)	40,000
- Anyang Jiulong Chemical Co., Ltd (51%)	41,633
Total share capital	81,633
Hire purchase borrowing	150,000
Advances from related parties:	
- Anyang Jiutian Fine Chemical Co., Ltd	108,160
- Anyang Jiulong Chemical Co., Ltd	57,097
- Anyang Chemical Industry Group Co., Ltd Group of companies	87,216
Total advances from related parties	252,473
Total fund received by Anyang Jiujiu	484,106

The balance of RMB 42,894,000 represents the retention sum related to the construction of plant which is payable within a period of 12 to 24 months.

- c) As stated in our announcement of 7 April 2015, upon the full commercial operation slated for 3Q2015 barring unforeseen circumstances, Anyang Jiujiu's operation is expected to have significant impact to the financials of Anyang Jiujiu, and to the earnings per share and net tangible assets per share of the Group for the financial year ending 31 December 2015.

By Order of the Board,

Sun Zhiqiang
Acting Chief Executive Officer
12 May 2015