

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Quarterly Financial Statement Announcement for the Quarter Ended 31 March 2015.

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 Three months ended 31-Mar-15 RMB'000	Unaudited Group Three months ended 31-Mar-14 RMB'000	Increase/ (Decrease) %
Revenue	176,347	254,154	-31
Cost of sales	(154,819)	(234,930)	-34
Gross profit	21,528	19,224	12
Other income	2,023	1,655	22
Distribution costs	(3,310)	(4,179)	-21
Administrative expenses	(5,783)	(5,009)	15
Other expenses	(97)	-	n/m
Share of results of associated companies	(246)	3,815	n/m
Profit before tax	14,115	15,506	-9
Tax expense	(2,483)	-	n/m
Profit and total comprehensive income for the period	11,632	15,506	-25
Profit and total comprehensive income for the period attributable to:			
Equity holders of the Company	11,633	15,506	-25
Non-controlling interest	(1)	-	n/m

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 Three months ended 31-Mar-15 RMB'000	Unaudited Group Three months ended 31-Mar-14 RMB'000	Increase/ (Decrease) %
Profit before tax is arrived at after charging/(crediting):			
Interest income	(65)	(282)	-77%
Depreciation of property, plant and equipment	7,426	7,534	-1%
Amortisation of land use rights	234	234	0%
Amortisation of deferred income	(17)	(17)	0%
Foreign exchange loss	97	32	203%

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-Mar-15 RMB'000	Group 31-Dec-14 RMB'000	Unaudited Company 31-Mar-15 RMB'000	Company 31-Dec-14 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	94,498	40,484	1,879	3,575
Trade and other receivables	509,877	525,892	60	63
Inventories	53,057	29,054	-	-
Total current assets	657,432	595,430	1,939	3,638
<u>Non-current assets</u>				
Land use rights	7,911	8,145	-	-
Property, plant and equipment	275,551	280,699	-	-
Investment in subsidiary companies	-	-	87,027	87,027
Investment in associated companies	341,965	342,211	339,709	339,709
Deferred tax assets	13,498	13,498	-	-
Total non-current assets	638,925	644,553	426,736	426,736
Total assets	1,296,357	1,239,983	428,675	430,374
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Trade and other payables	789,078	746,069	935	1,212
Income tax payables	1,893	143	-	-
Total current liabilities	790,971	746,212	935	1,212
<u>Non-current liabilities</u>				
Deferred income	371	388	-	-
<u>Capital and reserves</u>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(183,637)	(195,270)	(233,413)	(231,991)
Equity attributable to equity holders of the Company	477,516	465,883	427,740	429,162
Non-controlling interests	27,499	27,500	-	-
Total equity	505,015	493,383	427,740	429,162
Total liabilities and equity	1,296,357	1,239,983	428,675	430,374

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

Amount repayable in one year or less, or on demand

	<u>As at 31 March 2015</u>		<u>As at 31 December 2014</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loan	-	-	-	-

Amount repayable after one year

	<u>As at 31 March 2015</u>		<u>As at 31 December 2014</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loan	-	-	-	-

Bill payable to banks

As at 31 March 2015, there are RMB 57.3 million in bills payables. Bills payables to banks have an average period of 60 to 180 days and are interest-free as repayments will be made within the credit period. The bills payables to banks are secured by pledged of bank deposits amounting of RMB 67.5 million.

As at 31 December 2014, there are RMB 8.4 million in bills payables. Bills payables to banks have an average period of 60 to 120 days and are interest-free as repayments will be made within the credit period. The bills payables to banks are secured by pledged of bank deposits amounting of RMB 8.8 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 Three months ended 31-Mar-15 RMB'000	(Unaudited) Group Three months ended 31-Mar-14 RMB'000
Cash flows from operating activities		
Profit before tax	14,115	15,506
Adjustments for:		
Share of results of associated companies	246	(3,815)
Depreciation of property, plant and equipment	7,426	7,534
Amortisation of deferred income	(17)	(17)
Amortisation of land use rights	234	234
Interest income	(65)	(282)
Operating cash flows before movement in working capital	21,939	19,160
Receivables	16,015	(50,768)
Inventories	(24,003)	(7,348)
Payables (Notes 1)	43,024	6,090
Cash generated from/(used in) operations	56,975	(32,866)
Interest received	65	282
Income tax paid	(733)	-
Net cash generated from/(used in) operating activities	56,307	(32,584)
Cash flows from investing activities		
Purchase of property, plant and equipment (Note 1)	(2,293)	(1,691)
Net cash used in investing activities	(2,293)	(1,691)
Cash flows from financing activities		
Decrease/(increase) in pledged bank deposits	(58,734)	18,000
Net cash (used in)/generated from financing activities	(58,734)	18,000
Net decrease in cash and cash equivalents	(4,720)	(16,275)
Cash and cash equivalents at beginning of period	31,674	27,888
Cash and cash equivalents at end of period	26,954	11,613
 Cash and bank balances at end of period	 94,498	 36,613
Less: Pledged bank deposit	(67,544)	(25,000)
	26,954	11,613

Note 1 – As at 31 December 2014, the Group has outstanding payable for property, plant and equipment of RMB 5,552,000. During the current period, RMB 15,000 was paid and the balance of RMB 5,537,000 is reflected in other payables as at 31 March 2015. In 1Q2015, the Group has acquired property, plant and equipment with an aggregate cost of RMB 2,278,000 which was fully paid in cash.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Accumulated losses	Equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<u>Group</u>					
Balance at January 1, 2014	661,153	(222,282)	438,871	-	438,871
Profit and total comprehensive income for the year	-	27,012	27,012	-	27,012
Incorporation of new subsidiary company	-	-	-	27,500	27,500
Balance at December 31, 2014	661,153	(195,270)	465,883	27,500	493,383
Profit and total comprehensive income for the period	-	11,633	11,633	(1)	11,632
Balance at March 31, 2015	661,153	(183,637)	477,516	27,499	505,015

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
Balance at January 1, 2014	661,153	(224,446)	436,707
Loss and total comprehensive loss for the year	-	(7,545)	(7,545)
Balance at December 31, 2014	661,153	(231,991)	429,162
Loss and total comprehensive loss for the period	-	(1,422)	(1,422)
Balance at March 31, 2015	661,153	(233,413)	427,740

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

	Number of shares	Resultant issued and paid-up share capital S\$	Resultant issued and paid-up share capital RMB
As at 31 December 2014	1,818,444,000	133,854,092	661,152,648
As at 31 March 2015	1,818,444,000	133,854,092	661,152,648

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 are no treasury shares as at 31 March 2015 and 31 December 2014. The total number of issued shares of the Company are shown in 1(d)(ii) above.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

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.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in Note 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period compared to the most recently audited financial statements for the financial year ended 31 December 2014.

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 has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2015, where applicable. The adoption of these standards from the effective date did not result in material adjustments to the financial position, results of operations or cash flows of the Group for the financial year ended 31 December 2015.

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 Three months ended 31-Mar-14	(Unaudited) Group Three months ended 31-Mar-13
Profit per ordinary share for the financial period based on consolidated profit attributable to equityholders of the Company :		
(a) Basic / Diluted (Rmb fen)	0.64	0.85
(a) Based on the weighted average number of shares - Basic / Diluted	1,818,444,000	1,818,444,000

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 Mar 2015 RMB fen	Group 31 Dec 2014 RMB fen	(Unaudited) Company 31 Mar 2015 RMB fen	Company 31 Dec 2014 RMB fen
Net asset per ordinary share	27.77	27.13	23.52	23.60

Net asset value per ordinary share for 31 March 2015 and 31 December 2014 have been computed based on shareholder's equity as at this date and total issued ordinary share capital of 1,818,444,000 shares.

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

1Q2015

Revenue for 1Q2015 was RMB 176.3 million, 31% lower than 1Q2014 of RMB 254.2 million. The lower result was mainly attributed to challenging market conditions which affected sales volume and average selling price.

Average selling price of DMF in 1Q2015 at RMB 4,533 per tonne was 11.6% below 1Q2014. Average selling price of methylamine in 1Q2015 at RMB 5,621 per tonne was 18.3% below 1Q2014. However, the decrease was partially off-set by the higher sales volume of methylamine which increased 15% to 19,647 tonne in 1Q2015.

At the gross profit level, the gross profit margin improved from 7.6% in 1Q2014 to 12.2% in 1Q2015 despite of lower revenue recorded. It mainly due to improvement in operating efficiency and lower cost of methanol which is the key feed material of Methylamine and DMF.

Other income increased by 22% in 1Q2015 due mainly higher income generated from sales of waste material of RMB 1.4 million (1Q2014: 1.0 million). The increase was off-setting by the decrease of interest income of RMB 0.2 million.

Distribution expenses decreased by 21% to RMB 3.3 million in 1Q2015. The decrease was consistent with the lower revenue recorded. Sales volume of DMF in total had decreased by 29% 1Q2015.

Administrative expenses increased by 15% against 1Q2015 due to a reversal of unutilised accrued expenses in 1Q2014 amounting to RMB 0.3 million.

Other expenses mainly consists of foreign exchange losses arises from the revaluation of certain monetary assets and liabilities in holding company denominated in Singapore dollars.

Share of results of associated companies mainly pertains to the share of results from Anyang Jiulong which generated revenue from the production and selling of industrial steam and electricity. The results of Anyang Jiulong was below expectation mainly due to temporary shutdown operation of one of the boiler for repair and maintenance. The operation expected to be resumed in 2Q2015.

Tax expenses related to the provision for FY2015 corporate tax in subsidiary company. No tax expenses was provided in 1Q2014 was mainly due to delay in obtaining approval from tax authorities for the utilisation of unabsorbed tax losses and such unabsorbed tax losses was approved in 3Q2014.

As a result, the Group registered a net profit attributable to equity holders of the Company of RMB 11.6 million in 1Q15 against RMB 15.5 million in 1Q14.

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 balance sheet and cash flow

Group's current assets as at 31 March 2015 was RMB 657.4 million, increased of RMB 62.0 million relative to that as at 31 December 2014. The net increase was largely attributed to:

- a. decrease in trade and other receivables of RMB 16.0 million mainly due to increase of advances to Anyang Jiujiu Chemical Technology Co., Ltd ("Anyang Jiujiu") for the construction of plants amounting of RMB 34.3 million. The increase was partially offset by the decrease of advances to related parties amounting of RMB 3.4 million and trade receivables amounted to RMB 42.3 million which is in line with the decrease of revenue.
- b. increase in inventories of RMB 24.0 million due to the Group increase the productivity and storage when methanol's price was at a low level.
- c. increase in cash and cash equivalents of RMB 54.0 million from RMB 40.5 million as at 31 December 2014 to RMB 94.5 million due largely to additional fixed deposit pledge with bank for trade bills payables amounting to RMB 58.7 million.

Group's non-current assets decreased by RMB 5.7 million due largely to:

- a. the depreciation and amortisation of property, plant and equipment and land use rights of RMB 7.7 million. However, the decrease was partially offset by the increase in property, plant and equipment of RMB 2.3 million.
- b. decrease in share of results of associated companies of RMB 0.2 million.

Group's current liabilities as at 31 March 2015 was RMB 791.0 million, a increase of RMB 44.8 million relative to that as at 31 December 2014. The net decrease was largely attributed to:

- a. increase in trade bills payables to banks of RMB 48.9 million relative to 31 December 2014.
- b. decrease in trade payables and trade bills payables RMB 12.0 million.

Net asset value as at 31 March 2015 was RMB 505.0 million, RMB 11.6 million higher than the net asset value as at 31 December 2014 of RMB 493.4 million. This was largely attributed to the profit generated for the period.

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 balance sheet and cash flow (cont'd)

Current liabilities of the Group as at 31 March 2015 exceeded its current assets by RMB 133.6 million attributable to the losses suffered in FY2009 to FY2011. Despite the negative working capital, the Group believes that it will be able to repay its current liabilities as and when they fall due. As a substantial part of the Group's current liabilities are owed to its principal supplier and strategic partner, Anhua Group (RMB 220.5 million) and to its associated company, Anyang Jiulong (a subsidiary of Anhua's Group) of RMB 150.1 million, the Group has obtained Anhua and Anyang Jiulong's continued financial support in January 2015 and agreement to defer payments of trade amounts owing by the Group to them. As a result, the Company believes that it will be able to repay its current liabilities as and when they falls due.

Company's balance sheet:

Company's current assets decreased by RMB 1.7 million as at 31 March 2015 due largely to head office expenses.

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

The Group's actual results are in line with the Commentary under paragraph 10 of the Group's previous result announcement (4Q2014 result announcement).

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 Group's performance continues to be affected by: (i) weak demand of chemical products in China including DMF; (ii) inflation of general costs such as labour costs, administrative and distribution expenses, and; (iii) continued slowing of China's economy.

As the business environment will likely remain challenging, the Group needs to stay vigilant and monitor the market condition closely, adapting its business strategies as and when appropriate.

Notwithstanding the above and barring any unforeseen circumstances, the Group is confident that FY2015 shall remain profitable.

11. Dividend

(a) Current Financial Period Reported On

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date payable

NA.

(d) Books closure date

NA.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been recommended for the current financial period reported on.

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.

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)
	1Q2015	1Q2015
Anyang Chemical Industry Group Co., Ltd	0.80 million	100.55 million
Anyang Jiulong Chemical Co., Ltd	Nil	6.15 million
Anyang Yongjin Chemical Co., Ltd	Nil	0.50 million

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Gao Heng and Sun Zhiqiang, being two directors of Jiutian Chemical Group Limited (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Name: Sun Zhiqiang

Designation: Acting Chief Executive Officer

Date: 29 April 2015