

**PROPOSED PLACEMENT OF UP TO 170,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF
JIUTIAN CHEMICAL GROUP LIMITED AT THE ISSUE PRICE OF S\$0.0603 FOR EACH NEW
ORDINARY SHARE**

1. INTRODUCTION

The Board of Directors (the “**Board**” or “**Directors**”) of Jiutian Chemical Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 16 October 2020, entered into a placement agreement (the “**Placement Agreement**”) with CGS-CIMB Securities (Singapore) Pte. Ltd. as the placement agent (the “**Placement Agent**”).

Pursuant to the Placement Agreement, the Company has agreed to offer, by way of placement, and the Placement Agent has agreed to procure purchasers and/or subscriptions on a best efforts basis for, an aggregate of up to 170,000,000 new ordinary shares in the capital of the Company (the “**Placement Shares**”) at an issue price of S\$0.0603 for each Placement Share (the “**Placement Price**”), amounting to an aggregate consideration of up to S\$10,251,000 (the “**Placement**”). Under the terms of the Placement Agreement, the Placement Agent may make sub-placement arrangements in respect of its placement obligations under the Placement Agreement upon such terms and conditions as the Placement Agent deems fit.

The Placement is not underwritten and will be undertaken by way of an exempt offering in Singapore in accordance with Section 274 (institutional investors) and Section 275 (accredited investors and certain other persons) of the Securities and Futures Act, Chapter 289 of Singapore. Accordingly, no prospectus, offer document or offer information statement will be issued by the Company in connection with the Placement.

2. THE PLACEMENT

2.1 The Placement Price

The Placement Price represents a discount of approximately 5.63% of the volume weighted average price of S\$0.0639 for trades done on the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 15 October 2020, being the last full market day preceding the date on which the Placement Agreement was signed¹.

The discount of approximately 5.63% is within the 10% discount limit as stated in Rule 811(1) of the SGX-ST Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

2.2 The Placement Shares

Assuming all the Placement Shares are placed out, the Company’s issued share capital will increase from 1,818,444,000 fully paid-up ordinary shares (the “**Shares**”) as at the date of this announcement to 1,988,444,000 Shares. The Placement Shares represent approximately 9.35%

¹ There was a trading halt for the Shares on 16 October 2020 during which the Placement Agreement was entered into between the Company and the Placement Agent.

of the existing issued share capital of the Company comprising 1,818,444,000 Shares as at the date of this announcement and will represent approximately 8.55% of the enlarged issued share capital of the Company of 1,988,444,000 Shares, assuming all the Placement Shares are placed out. The Company does not hold any treasury shares.

The Placement Shares, when issued and delivered, will be free from all pre-emption rights, charges, liens and other encumbrances and with all rights and benefits attaching thereto and shall rank *pari passu* in all respects with the Shares existing as at the date of issue of the Placement Shares save for dividends, rights, allotments or other distributions, the record date of which falls on or before the date of allotment and issue of the Placement Shares.

The Placement Shares will not be placed to any person who is a Director or a substantial shareholder of the Company (the “**Substantial Shareholder**”), an interested person as defined in Chapter 9 of the Catalist Rules or any other person in the categories set out in Rule 812(1) of the Catalist Rules, unless specific shareholders’ approval has been obtained and the relevant restricted parties (who are also shareholders of the Company) must abstain from voting on the resolution approving the Placement.

The Placement will not result in a transfer of controlling interest of the Company and there are no share borrowing arrangements for the Placement.

2.3 Mandate for the issuance of the Placement Shares

The Placement Shares will be allotted and issued pursuant to the general share issue mandate (the “**General Mandate**”) granted by shareholders of the Company (the “**Shareholders**”) to the Directors pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore by way of an ordinary resolution passed at the annual general meeting of the Company held on 23 June 2020 (the “**2020 AGM**”).

The General Mandate grants authority to the Directors to, *inter alia*, allot and issue new Shares not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2020 AGM, of which the aggregate number of Shares to be issued other than on a pro rata basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2020 AGM.

No Shares had previously been issued pursuant to the General Mandate and the aggregate Placement Shares represent approximately 9.35% of the issued share capital of the Company of 1,818,444,000 Shares at the time the approval for the General Mandate was granted. Accordingly, the proposed allotment and issue of up to 170,000,000 Placement Shares is within the limit of the General Mandate obtained at the 2020 AGM.

2.4 Additional Listing Confirmation

The sponsor of the Company, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”), will make an application on behalf of the Company to SGX-ST for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST. The Company will make the necessary announcements in due course upon obtaining the listing and quotation notice in respect of the Placement Shares from SGX-ST.

3. SALIENT TERMS OF THE PLACEMENT AGREEMENT

3.1 Placement Commission

In consideration of the agreement of the Placement Agent to procure subscribers on a best efforts basis for the Placement Shares, the Company shall pay to the Placement Agent a placement commission equal to 2.25% of the Placement Price for each Placement Share (the “**Placement Commission**”), multiplied by the relevant number of Placement Shares allotted and issued by the Company under the Placement for which the Placement Agent has procured purchasers and/or subscribers.

3.2 Placement Completion

Subject to the terms and conditions of the Placement Agreement, completion of the Placement (the “**Completion**”) shall take place at 10.00 a.m. (the “**Completion Time**”) on the date falling three (3) business days after all the conditions precedent to the Placement have been satisfied or waived in accordance with the Placement Agreement, as the case may be, or such other date and time as the parties to the Placement Agreement may mutually agree (the “**Completion Date**”).

The Placement Agent shall make payment to, or procure that payment is made to, the Company of the net proceeds in respect of the Placement Shares for which the Placement Agent has agreed to use its best efforts to procure purchasers and/or subscriptions for, less the commissions and fees (plus any applicable goods and services tax and value added tax) and the costs, charges and expenses payable to the Placement Agent by the Company, by the Completion Time on the Completion Date.

3.3 Conditions Precedent

Completion of the Placement pursuant to the Placement Agreement is conditional upon, *inter alia*, the following conditions:

- (a) all representations and warranties and other statements of the Company contained in the Placement Agreement, at and as of the Completion Date with references to the then existing circumstances, are true and correct in all respects and the Company having performed all of its undertakings or obligations in the Placement Agreement to be performed on or before the Completion Date;
- (b) the listing and quotation notice for the listing and quotation of the Placement Shares on the Catalist Board of the SGX-ST having been obtained from the SGX-ST and remaining in full force and effect and not having been revoked or amended, and, where such approval is subject to conditions, such conditions being acceptable to the Placement Agent, and, to the extent that any conditions for the listing and quotation of the Placement Shares on the SGX-ST are required to be fulfilled on or before the Completion Date, they are so fulfilled;
- (c) the transactions contemplated by the Placement Agreement not being prohibited by law or regulation or interpretation thereof (including without limitation, any statute, order, rule, regulation, request, judgement or directive promulgated or issued by any legislative, executive, judicial or regulatory body or authority (including without limitation, the Monetary Authority of Singapore and the SGX-ST)) in Singapore or any other jurisdiction which is applicable to the Company or the Placement Agent;
- (d) subsequent to the execution and delivery of the Placement Agreement, there shall not have occurred any circumstance, event or situation which is or are likely to have a Material Adverse Effect or, in the reasonable judgment of the Placement Agent, is likely to be materially adverse in the context of the Placement or makes or is reasonably likely to make it impracticable or inadvisable or inexpedient to proceed therewith or, in the opinion of the Placement Agent, is reasonably likely to prejudice materially the

success of the Placement or dealings in the Placement Shares in the secondary market;

- (e) the compliance with all applicable laws and regulations concerning (i) the Placement (ii) the listing of the Placement Shares on the Catalist Board of the SGX-ST, and (iii) the transactions contemplated in the Placement Agreement, and no new laws, regulations and directives having been promulgated, published and/or issued and/or having taken effect or any other similar matter having occurred which, in the opinion of the Placement Agent, has or may have an adverse effect on the Placement and the listing of the Placement Shares on the Catalist Board of the SGX-ST; and
- (f) the Company providing the Placement Agent with a certified true copy of the resolution approving its entry into the Placement Agreement.

For the purposes of this paragraph 3.3, “Material Adverse Effect” shall mean any material adverse effect on (a) the financial condition, prospects, earnings, business, properties, assets or results of operations of the Group taken as a whole whether or not arising from transactions in the ordinary course of business; or (b) the ability of the Company to perform in any material respect its obligations under the Placement Agreement.

The Placement Agent may, and upon such terms as it thinks fit, waive compliance with any of the conditions contained in the Placement Agreement (other than the conditions set out in paragraphs 3.3(b) and 3.3(c) above), provided that any such waiver as aforesaid shall be without prejudice to its right to elect to treat any further or other breach, failure or event as releasing and discharging it from its obligations under the Placement Agreement.

If any of the conditions contained in the Placement Agreement has not been satisfied or waived by the Placement Agent, the Placement Agreement may be terminated by the Placement Agent by notice to the Company at any time at or prior to the time of Completion, and such termination shall be without liability of any party of the Placement Agreement to any other party except for costs and expenses due to the Placement Agent incurred by or on behalf of the Placement Agent in connection with the Placement and/or any antecedent breaches of the Placement Agreement.

4. RATIONALE OF THE PLACEMENT AND USE OF PROCEEDS

4.1 Rationale

The Company has decided to undertake the Placement to take the opportunity to strengthen the Group’s financial position and to improve its shareholder profile. 100% of the Net Proceeds will be used for the Company’s general working capital which may include investments in asset enhancement and improvement should such need arises.

4.2 Use of Proceeds

Assuming all the Placement Shares are placed out, the estimated net proceeds from the Placement, after deducting estimated fees and expenses (including listing and application fees, the Placement Commission, professional fees and other miscellaneous expenses of approximately S\$300,000), is approximately S\$9,951,000 (the “**Net Proceeds**”).

The Company intends to apply such Net Proceeds as general working capital and, where appropriate, investments in asset enhancement and improvement.

Pending the deployment of the Net Proceeds, such Net Proceeds may be placed in deposits with financial institutions or invested in short-term money market instruments, marketable securities or used for any other purposes on a short-term basis, as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when the funds are materially disbursed and whether such use is in accordance with the stated use and the stated percentage allocated. The Company will also provide a status report on the use of the Net Proceeds in the Company's interim and full-year financial statements issued under Rule 705 of the Catalist Rules and the Company's annual report. Where the Net Proceeds have been used for working capital purposes, the Company will provide a breakdown with specific details on how such proceeds have been applied in its announcements and the annual report. Where there is any material deviation from the stated use of Net Proceeds, the Company will make the necessary announcement on the reasons for such deviation.

5. FINANCIAL EFFECTS OF THE PLACEMENT

5.1 Assumptions

The pro forma financial effects of the Placement on the Group are set forth below and have been computed based on (i) the audited financial statements of the Group for its financial year ended 31 December 2019 (“**FY2019**”) and (ii) the unaudited financial statements of the Group for its six-month period ended 30 June 2020 (“**HY2020**”). The financial effects of the Placement are based on the following bases and assumptions:

- (a) the Placement Shares are fully placed out;
- (b) the estimated fees and expenses (including the Placement Commission) incurred by the Company in connection with the Placement is approximately S\$300,000;
- (c) the financial effect on the net tangible asset (the “**NTA**”) per Share is computed based on the assumption that the Placement was completed either on 31 December 2019 for illustrating the pro forma financial effects for FY2019 or 30 June 2020 for illustrating the pro forma financial effects for HY2020;
- (d) the financial effect on the earnings per Share (the “**EPS**”) or loss per Share (the “**LPS**”), as the case may be, is computed based on the assumption that the Placement was completed either on 1 January 2019 for illustrating the pro forma financial effects for FY2019 or 1 January 2020 for illustrating the pro forma financial effects for HY2020; and
- (e) the exchange rate of S\$1.00 to RMB4.9437 as at 15 October 2020.

The pro forma financial effects of the Placement are presented solely for illustrative purposes only and are not intended to be indicative or reflective of the actual financial position of the Group after completion of the Placement.

5.2 Share Capital

Assuming all the Placement Shares are placed out, the Company's issued share capital will increase from 1,818,444,000 Shares as at the date of this announcement to 1,988,444,000 Shares. The Placement Shares represent approximately 9.35% of the existing issued share capital of the Company comprising 1,818,444,000 Shares as at the date of this announcement and will represent approximately 8.55% of the enlarged issued share capital of the Company of 1,988,444,000 Shares. The Company does not hold any treasury shares.

5.3 NTA

The NTA per Share of the Group before and after the allotment and issue of all of the Placement Shares is as follows:

	Before Issue of all Placement Shares	After Issue of all Placement Shares
NTA as at 31 December 2019 (RMB'000)	300,945	350,140
Number of issued Shares as at 31 December 2019	1,818,444,000	1,988,444,000
NTA per Share as at 31 December 2019 (RMB cents)	16.55	17.61
NTA as at 30 June 2020 (RMB'000)	336,327	385,522
Number of issued Shares as at 30 June 2020	1,818,444,000	1,988,444,000
NTA per Share as at 30 June 2020 (RMB cents)	18.50	19.39

5.4 EPS/(LPS)

The EPS/(LPS) of the Group before and after the allotment and issue of all of the Placement Shares is as follows:

	Before Issue of all Placement Shares	After Issue of all Placement Shares
Weighted average number of issued Shares as at 31 December 2019	1,818,444,000	1,988,444,000
(LPS) as at 31 December 2019 (RMB cents)	(13.66)	(12.49)
Weighted average number of issued Shares as at 30 June 2020	1,818,444,000	1,988,444,000
EPS as at 30 June 2020 (RMB cents)	1.96	1.79

6. CONFIRMATION BY THE DIRECTORS

In accordance with Rule 810(1)(c) of the Catalist Rules, the Directors are of the opinion that after taking into consideration:

- (a) the present bank facilities available to the Group, the working capital available to the Group is sufficient to meet its present requirements, and the Placement is being undertaken for reasons provided in paragraph 4 above; and
- (b) the present bank facilities available to the Group and the Net Proceeds arising from the Placement, the working capital available to the Group is sufficient to meet its present requirements.

7. CONFIRMATION BY THE PLACEMENT AGENT

The Placement Agent has confirmed that:

- (a) each of the end-placeses was identified by the Placement Agent, its appointed sub-placement agent(s) (if any) or their respective affiliates and not through a third-party introducer;
- (b) the commission payable by the Company to the Placement Agent for the Placement will not be shared with any person to whom the Placement Shares are issued to;
- (c) none of the end-placeses will be entitled to any benefit other than by the placement of the Placement Shares to them;
- (d) the Placement Shares will not be placed to any person who is a Director or a Substantial Shareholder, an interested person as defined in Chapter 9 of the Catalist Rules or any other person in the categories set out in Rule 812(1) of the Catalist Rules, unless specific Shareholders' approval is obtained and the relevant restricted parties (who are also Shareholders of the Company) must abstain from voting on the resolution approving the Placement;
- (e) the number of Placement Shares to be placed to an end-placesee will not result in the end-placesee becoming a Substantial Shareholder;
- (f) the Placement will not result in a transfer of controlling interest of the Company;
- (g) there are no share borrowing arrangements for the Placement; and
- (h) each of the end-placeses to the Placement has represented to the Placement Agent that each of them and its directors and substantial shareholders (to the extent applicable) do not have any connections (including any business relationship) with the Company, its Directors and its Substantial Shareholders.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Company's Register of Directors' Shareholdings and the Register of Substantial Shareholders, details of the Directors and Substantial Shareholders and their interest in the Shares as at the date of this announcement are as follows:

	Number of Shares			% of issued share capital before the Placement ⁽¹⁾	% of issued share capital after the Placement ⁽²⁾
	Direct Interest	Deemed Interest	Total Interest		
<u>Directors</u>					
Han Lianguo	-	-	-	-	-
Lee Chee Seng	10,250,000	44,419,000 ⁽³⁾	54,669,000	3.01	2.75
Zhang Hongtao	-	-	-	-	-
Wang Gang	-	-	-	-	-
Wu Yu Liang	300,000	-	300,000	0.02	0.02
Chan Kam Loon	-	-	-	-	-
Gao Guoan	-	-	-	-	-
Chen Mingjin	-	-	-	-	-
Koh Eng Kheng Victor	-	-	-	-	-
<u>Substantial Shareholders</u>					
Anyang Longyu (HK) Development Co, Ltd	-	502,429,900 ⁽⁴⁾	502,429,900 ⁽⁴⁾	27.63	25.27

Notes:

- (1) Based on the issued share capital of 1,818,444,000 Shares as at the date of this announcement.
- (2) Based on the enlarged issued share capital of 1,988,444,000 Shares assuming all the Placement Shares are placed out pursuant to the Placement.
- (3) Lee Chee Seng is deemed interested in 44,419,000 Shares held through his indirect nominee, Credit Suisse AG, Singapore Branch.
- (4) Anyang Longyu (HK) Development Co, Ltd is deemed interested in 502,429,900 Shares held through its nominee, RHB Securities Singapore Pte Ltd.

None of the Directors or Substantial Shareholders of the Company, as well as their respective associates, has any interest, direct or indirect, in the Placement, other than through their respective shareholdings in the Company.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Placement, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

10. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Placement Agreement will be available for inspection during normal business hours at the registered office of the Company at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months commencing from the date of this announcement.

11. FURTHER ANNOUNCEMENTS

The Company will continue to keep Shareholders updated and release announcements relating to the Placement (including any material developments and progress made) as may be appropriate from time to time.

12. CAUTIONARY STATEMENT

Shareholders and potential investors should note that the Placement is subject to the fulfilment of, *inter alia*, the conditions precedent set out above, and accordingly, should exercise caution when trading in the Shares. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

By Order of the Board
JIUTIAN CHEMICAL GROUP LIMITED

Han Lianguo
Non-Executive and Non-Independent Chairman
19 October 2020

Important Notice

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore: The Placement Shares are “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and “Excluded Investment Products” (as defined in MAS Notice SFA 04- N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This announcement has been reviewed by the Company’s Sponsor. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “Exchange”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms Gillian Goh, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.