

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Unaudited Financial Statement Announcement for the Financial Year Ended 31 December 2016.

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-Dec-16 RMB'000	Unaudited Group Three months ended 31-Dec-15 RMB'000	Increase/ (Decrease) %	Unaudited Group Twelve months ended 31-Dec-16 RMB'000	Audited Group Twelve months ended 31-Dec-15 RMB'000	Increase/ (Decrease) %
Revenue	249,989	151,932	65	708,512	677,982	5
Cost of sales	(243,121)	(159,574)	52	(669,077)	(663,886)	1
Gross profit / (loss)	6,868	(7,642)	n/m	39,435	14,096	180
Other income	5,576	3,338	67	9,506	6,777	40
Distribution costs	(6,085)	(2,990)	104	(16,873)	(12,063)	40
Administrative expenses	(6,050)	(7,543)	(20)	(24,624)	(26,546)	(7)
Other expenses	56	(716)	n/m	(551)	(755)	(27)
Finance costs	(1,579)	(1,626)	(3)	(5,496)	(1,955)	181
Share of result of associated companies	(4,886)	(873)	460	(1,136)	11,237	n/m
(Loss)/ profit before tax	(6,100)	(18,052)	(66)	261	(9,209)	n/m
Tax credit/ (expense)	98	(60)	n/m	98	778	(87)
(Loss)/ profit and total comprehensive (loss)/ income for the period	(6,002)	(18,112)	(67)	359	(8,431)	n/m
(Loss)/ profit and total comprehensive (loss)/ income for the period attributable to:						
Equity holders of the Company	(5,848)	(18,123)		586	(8,717)	
Non-controlling interest	(154)	11		(227)	286	
	(6,002)	(18,112)		359	(8,431)	

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-Dec-16 RMB'000	Unaudited Group Three months ended 31-Dec-15 RMB'000	Increase/ (Decrease) %	Unaudited Group Twelve months ended 31-Dec-16 RMB'000	Audited Group Twelve months ended 31-Dec-15 RMB'000	Increase/ (Decrease) %
Profit before tax is arrived at after charging/(crediting):						
Amortisation of deferred income	(16)	(16)	-	(65)	(64)	2
Amortisation of land use rights	233	233	-	934	933	-
Depreciation of property, plant and equipment	7,699	7,893	(2)	28,739	28,181	2
Interest expenses	1,579	906	74	5,496	1,235	345
Interest income	(127)	(593)	(79)	(957)	(2,090)	(54)
Net (gain)/loss on disposal of property, plant and equipment	-	(984)	n/m	360	(984)	n/m
Net (gain)/ loss on foreign exchange	(57)	73	n/m	190	112	70
Overprovision of tax for prior year	-	-	-	-	(1,047)	n/m
Property, plant and equipment written off	-	747	n/m	-	747	n/m

n/m – not meaningful

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-Dec-16 RMB'000	Audited Group 31-Dec-15 RMB'000	Unaudited Company 31-Dec-16 RMB'000	Audited Company 31-Dec-15 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	29,608	52,841	2,288	2,539
Trade and other receivables	497,809	366,035	81	62
Inventories	21,628	25,164	-	-
Total current assets	549,045	444,040	2,369	2,601
<u>Non-current assets</u>				
Land use rights	6,278	7,212	-	-
Property, plant and equipment	311,648	276,969	-	-
Investment in subsidiary companies	-	-	87,027	87,027
Investment in associated companies	352,312	353,448	339,709	339,709
Deferred tax assets	13,596	13,498	-	-
Total non-current assets	683,834	651,127	426,736	426,736
Total assets	1,232,879	1,095,167	429,105	429,337
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Bank borrowings	70,000	15,000	-	-
Trade and other payables	627,040	544,622	10,897	5,974
Income tax payables	269	269	-	-
Total current liabilities	697,309	559,891	10,897	5,974
<u>Non-current liabilities</u>				
Bank borrowings	50,000	50,000	-	-
Deferred income	259	324	-	-
Total non-current liabilities	50,259	50,324	-	-
<u>Capital and reserves</u>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(203,401)	(203,987)	(242,945)	(237,790)
Equity attributable to equity holders of the Company	457,752	457,166	418,208	423,363
Non-controlling interests	27,559	27,786	-	-
Total equity	485,311	484,952	418,208	423,363
Total liabilities and equity	1,232,879	1,095,167	429,105	429,337

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

Amount repayable in one year or less, or on demand

	<u>(Unaudited)</u> <u>As at 31 December 2016</u>		<u>(Audited)</u> <u>As at 31 December 2015</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	70,000	-	15,000	-

Amount repayable after one year

	<u>(Unaudited)</u> <u>As at 31 December 2016</u>		<u>(Audited)</u> <u>As at 31 December 2015</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	50,000	-	50,000	-

Details of any collaterals

As at 31 December 2016, RMB 40 million (2015: nil) of the short-term borrowings was guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 31 December 2016, RMB 30 million (2015: RMB 15 million) of the short-term borrowings was guaranteed by one of the Group's related party, Henan Energy and Chemical Co., Ltd ("HNEC"). In addition, property, plant and equipment with carrying value of RMB 60 million and a security deposit of RMB 3 million are pledged to HNEC for the corporate guarantee provided.

As at 31 December 2016 and 31 December 2015, non-current borrowings amounted to RMB 50 million was guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

Bills payable to banks

As at 31 December 2016, there are RMB 14 million in bills payable to banks. Bills payable 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 payable to banks are secured by pledged bank deposits amounting of RMB 14 million.

As at 31 December 2015, there are RMB 37.3 million in bills payable to banks. Bills payable 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 payable to banks are secured by pledged bank deposits amounting of RMB 22.3 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-Dec-16 RMB'000	(Unaudited) Group Three months ended 31-Dec-15 RMB'000	(Unaudited) Group Twelve months ended 31-Dec-16 RMB'000	(Audited) Group Twelve months ended 31-Dec-15 RMB'000
Cash flows from operating activities				
(Loss)/ profit before tax	(6,100)	(18,052)	261	(9,209)
Adjustments for:				
Amortisation of deferred income	(16)	(16)	(65)	(64)
Amortisation of land use rights	233	233	934	933
Depreciation of property, plant and equipment	7,699	7,893	28,739	28,181
Interest expense	1,579	906	5,496	1,235
Interest income	(127)	(593)	(957)	(2,090)
Net (gain)/ loss on disposal of plant and equipment	-	(984)	360	(984)
Property, plant and equipment written off	-	747	-	747
Share of result of associated companies	4,887	873	1,137	(11,237)
Unrealised exchange (gain)/ loss	(166)	144	(166)	144
Operating cash flows before movement in working capital	7,989	(8,849)	35,739	7,656
Inventories	3,341	7,187	3,535	3,890
Receivables	(61,645)	(5,539)	(66,988)	72,013
Payables	59,524	(20,850)	41,266	(143,354)
Cash generated from /(used in) operations	9,209	(28,051)	13,552	(59,795)
Interest received	51	353	300	1,013
Income tax paid	-	-	-	(3,606)
Net cash generated from/(used in) operating activities	9,260	(27,698)	13,852	(62,388)
Cash flows from investing activities				
Advances to associated company	-	(5,488)	(38,257)	(5,488)
Purchase of property, plant and equipment (Note 1)	(12,586)	(6,162)	(41,747)	(16,473)
Proceed from disposal of property, plant and equipment (note 2)	-	-	39	-
Repayment from/ (advances to) related parties	10,800	(3)	16,800	2,497
Net cash used in investing activities	(1,786)	(11,653)	(63,165)	(19,464)
Cash flows from financing activities				
Security deposits paid to secure corporate guarantee of the bank borrowings	-	(3,000)	-	(3,000)
Drawdown of bank borrowings	-	-	55,000	65,000
Decrease/(increase) in pledged bank deposits	20,000	27,213	8,300	(13,490)
Advances from related parties	-	4,594	-	4,594
(Decrease)/ increase in bill payables to bank	(20,000)	(23,604)	(23,300)	28,905
Decrease/(increase) in pledged bank balance	2,000	(2,000)	2,000	(2,000)
Interest paid	(1,579)	(906)	(5,496)	(1,235)
Net cash generated from financing activities	421	2,297	36,504	78,774
Net increase/ (decrease) in cash and cash equivalents	7,895	(37,054)	(12,809)	(3,078)
Cash and cash equivalents at beginning of period	7,837	65,650	28,541	31,674
Effect of exchange rate changes on cash and cash equivalents	(124)	(55)	(124)	(55)
Cash and cash equivalents at end of period	15,608	28,541	15,608	28,541
Cash and bank balances at end of period	29,608	52,841	29,608	52,841
Less: Pledged bank deposit	(14,000)	(22,300)	(14,000)	(22,300)
Less: Pledged bank balance	-	(2,000)	-	(2,000)
	15,608	28,541	15,608	28,541
Note 1:Purchase of property, plant and equipment				
Aggregate cost of property, plant and equipment acquired	46,756	6,412	63,817	25,379
Add: outstanding payables at the beginning of the period	7,443	5,538	7,443	5,552
Less: outstanding payables at the end of the period	(22,188)	(7,443)	(22,188)	(7,443)
Add: advance payments at the end of the period	-	7,325	-	7,325
Less: advance payments at the beginning of the period	(19,425)	(5,670)	(7,325)	(14,340)
	12,586	6,162	41,747	16,473

Note 2

The proceeds from disposal of PPE amounting to RMB 1,165,000 in the financial year ended 31 December 2015 were utilised to off-set against the outstanding trade payables.

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 1 January 2016 (Audited)	661,153	(203,987)	457,166	27,786	484,952
Profit/(loss) and total comprehensive income/(loss) for the financial year	-	586	586	(227)	359
Balance at 31 December 2016 (Unaudited)	661,153	(203,401)	457,752	27,559	485,311
Balance at 1 January 2015 (Audited)	661,153	(195,270)	465,883	27,500	493,383
(Loss)/profit and total comprehensive (loss)/income for the financial year	-	(8,717)	(8,717)	286	(8,431)
Balance at 31 December 2015 (Audited)	661,153	(203,987)	457,166	27,786	484,952

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
Balance at 1 January 2016 (Audited)	661,153	(237,790)	423,363
Loss and total comprehensive loss for the financial year	-	(5,155)	(5,155)
Balance at 31 December 2016 (Unaudited)	661,153	(242,945)	418,208
Balance at 1 January 2015 (Audited)	661,153	(231,991)	429,162
Loss and total comprehensive loss for the financial year	-	(5,799)	(5,799)
Balance at 31 December 2015 (Audited)	661,153	(237,790)	423,363

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	Issued and paid-up share capital
		RMB
As at 30 September 2016	1,818,444,000	661,152,648
As at 31 December 2016	1,818,444,000	661,152,648

There were no outstanding options, convertibles and treasury shares as at 31 December 2016 and 31 December 2015.

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 December 2016 and 31 December 2015. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		share capital
		RMB
As at 31 December 2015	1,818,444,000	661,152,648
As at 31 December 2016	1,818,444,000	661,152,648

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. The Company did not have any treasury shares during and as at the end of the financial period reported on.

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 paragraph 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 2015.

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 2016, where applicable. The adoption of these standards from the effective date did not result in substantial changes to the Group's accounting policies, and there is no material impact to the financial statements of the Group for the financial year ended 31 December 2016.

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-Dec-16	(Unaudited) Group Three months ended 31-Dec-15	(Unaudited) Group Twelve months ended 31-Dec-16	(Audited) Group Twelve months ended 31-Dec-15
(a) Basic / Diluted earnings per share (Rmb fen)	(0.32)	(1.00)	0.03	(0.48)
(a) Based on the weighted average number of shares	1,818,444,000	1,818,444,000	1,818,444,000	1,818,444,000

EPS for the respective financial periods are computed based on the net profit attributable to equity holders of the Company and the weighted average number of the shares of 1,818,444,000.

The diluted EPS and basic EPS are the same as there were no potentially dilutive securities outstanding as at 31 December 2016 and 31 December 2015.

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-Dec-16 RMB fen	(Audited) Group 31-Dec-15 RMB fen	(Unaudited) Company 31-Dec-16 RMB fen	(Audited) Company 31-Dec-15 RMB fen
Net asset value per ordinary share	25.17	25.14	23.00	23.28

Net asset value per ordinary share for 31 December 2016 and 31 December 2015 have been computed based on total issued shares of 1,818,444,000.

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

FY2016

Revenue in FY2016 increased 5% from RMB 677.98 million in FY2015 to RMB 708.51 million. The increase was mainly due to the sales volume of methylamine increasing by 10% whilst the sales volume of DMF declined by 6%. The average selling price of DMF and methylamine for the financial year were RMB 4,157 and RMB 5,082 per tonne respectively (2015: RMB 4,082 and RMB 5,195 per tonne).

Capacity utilisation at the Anyang Jiutian DMF plant decreased from 62% in FY2015 to 57% in FY2016, while capacity utilisation at the Anyang Jiutian methylamine plant increased from 88% in FY2015 to 92% in FY2016.

The Group increased its gross profit from RMB 14.10 million in FY2015 to RMB 39.44 million in FY2016. It was largely driven by improvements in operating efficiency at the plants from the continuous improvement efforts undertaken by the Company, and resulted in gross profit margin increasing from 2.1% in FY2015 to 5.6% in FY 2016.

Other income mainly consists of interest income, government grant and rental income. Other income increased 40% from RMB 6.78 million in FY2015 to RMB 9.51 million mainly due to the receipt of government grants amounting to RMB 3.04 million, partially offset by lower interest income.

Distribution costs increased 40% to RMB 16.88 million in FY2016, mainly due to the increase in transportation costs as more customers opted to purchase goods inclusive of transportation rather instead of ex-factory. Other expense items categorised under distribution cost such as marketing staff costs remained relatively unchanged.

Administrative expenses mainly consist of rental expense, administrative staff cost, depreciation charges, audit fees, secretarial fees, listing fees, annual report printing fees, office expenses, travelling fees and property tax. Administrative expenses decreased 7% to RMB 24.62 million in FY2016 mainly due to lower staff related expenses arising from the Company's cost rationalisation efforts.

Other expenses for FY2016 mainly consists of foreign exchange losses amounting to RMB 0.19 million (FY2015: RMB 0.11 million) arising from the revaluation of certain monetary assets and liabilities in the Company denominated in Singapore dollars and loss on disposal of plant and equipment amounting to RMB 0.36 million (FY2015: Nil).

Finance costs mainly arose from bank borrowings. Finance costs increased by 181% to RMB 5.5 million mainly due to an increase in bank borrowings during the financial year.

Share of results of associated companies mainly pertains to the share of results from Anyang Jiulong which generated revenue from the production and sales of industrial steam and electricity. Anyang Jiulong suffered a financial loss in FY2016 mainly due to sharp increases in the price of its raw materials (coal) increasing by more than 100% from September 2016 onwards.

Tax credit in FY2016 mainly arose from the deferred tax assets recognised on temporary differences. Tax credit in FY2015 mainly consists of overprovision of income tax expenses in the prior financial year.

As a result, the Group registered a net profit attributable to equity holders of the Company of RMB 0.59 million in FY2016 against a net loss of RMB 8.72 million in FY2015.

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

4Q2016

Revenue for 4Q2016 was RMB 249.99 million, a 65% increase from 4Q2015 of RMB 151.93 million, mainly due to increases in both sales volume and selling price of DMF and Methylamine. The sales volume of DMF and Methylamine in 4Q2016 were 63% and 15% higher than that of 4Q2015 respectively. Average selling price of DMF in 4Q2016 at RMB 4,549 per tonne was 36% higher than 4Q2015. Average selling price of methylamine in 4Q2016 at RMB 5,421 per tonne was 15% higher than 4Q2015.

Gross profit improved from a gross loss of RMB 7.64 million in 4Q2015 to a gross profit of RMB 6.87 million in 4Q2016, largely driven by improvements in operating efficiency at the production plants from the continuous improvement efforts undertaken by the Company.

Other income mainly consists of interest income, government grant and rental income. Other income increased by 67% from RMB 3.34 million in 4Q2015 to RMB 5.58 million in 4Q2016 mainly due to receipt of government grants amounting to RMB 3.04 million, partially offset by lower interest income in 4Q2016.

Distribution costs increased by 103% to RMB 6.09 million in 4Q2016, mainly due to the increase in sales volume of both DMF and methylamine and higher transportation costs, which resulted from more customers opting to purchase goods inclusive of transportation instead of ex-factory.

Administrative expenses mainly consist of rental expense, administrative staff cost, depreciation charges, audit fees, secretarial fees, listing fees, annual report printing fees, office expenses, travelling fees and property tax. Administrative expenses decreased by 20% to RMB 6.05 million in 4Q2016 mainly due to lower staff related expenses against 4Q2015.

Other expenses for 4Q2016 mainly consists of foreign exchange gains amounting to RMB 0.05 million arising from the revaluation of certain monetary assets and liabilities denominated in Singapore dollars.

Finance costs mainly arose from bank borrowings.

Share of results of associated companies mainly pertains to the share of results from Anyang Jiulong which generated revenue from the production and sales of industrial steam and electricity. Anyang Jiulong suffered a financial loss in 4Q2016 mainly due to sharp increases in the price of its raw material (coal) from September 2016.

Tax credit in 4Q2016 mainly arose on the deferred tax assets recognised on temporary differences. Tax expenses in 4Q2015 mainly arose from interest income.

As a result, the Group registered a net loss attributable to equity holders of the Company of RMB 5.85 million in 4Q2016 against RMB 18.12 million in 4Q2015.

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 balance sheet:

The Group's current assets as at 31 December 2016 was RMB 549.05 million, an increase of RMB 105.01 million relative from RMB 444.04 million as at 31 December 2015. The net increase was largely attributed to:

- a. An increase in trade and other receivables of RMB 131.78 million mainly due to the increase of advances to Anyang Jiujiu Chemical Technology Co., Ltd ("Anyang Jiujiu") for the repayment of Anyang Jiujiu's payables to third parties relating to the construction of its plants amounting to RMB 38.26 million and the increase in trade receivables of RMB 117.65 million in line with the increase in 4Q2016 revenue, partially offset by repayment from related party amounting to RMB 16.80 million and the decrease of RMB 7.33 million in prepayment for plant and equipment ;
- b. Partially offset by a decrease in cash and cash equivalents of RMB 23.23 million from RMB 52.84 million as at 31 December 2015 to RMB 29.61 million due largely to cash used in investing activities as presented in the cash flow statements; and a decrease in inventories of RMB 3.54 million due largely to higher sales volume in 4Q2016.

The Group's non-current assets increased by RMB 32.71 million due largely to:

- a. the increase in property, plant and equipment of RMB 63.82 million mainly incurred under the Company's subsidiary, Henan Herunsheng Isotope Technology Co., Ltd., partially offset by depreciation charges of RMB 28.74 million;
- b. partially offset by share of loss from associated companies of RMB 1.14 million and amortisation of land use rights of RMB 0.93 million.

The Group's current liabilities as at 31 December 2016 was RMB 697.31 million, an increase of RMB 137.42 million compared to that as at 31 December 2015. The net increase was largely attributed to:

- a. increase in bank borrowings of RMB 55.00 million drawdown for working capital purposes;
- b. increase in trade payables and trade bills payables to third parties and related parties of RMB 105.72 million in line with higher cost of sales in 4Q2016; and
- c. partially offset by decrease in trade bills payables to banks of RMB 23.30 million as fewer suppliers opted for trade bills as repayment.

Net asset value as at 31 December 2016 was RMB 485.31 million, an increase of RMB 0.36 million from net asset value of RMB 484.95 million as at 31 December 2015, largely attributed to the profit generated by the Group for the financial year.

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)

Group's balance sheet:

Current liabilities of the Group as at 31 December 2016 exceeded current assets by RMB 148.26 million attributable to the losses incurred in prior years. Despite the negative working capital, the Group believes that it will be able to repay its current liabilities as and when it fall due. As a substantial part of the Group's current liabilities are owed to its principal supplier and strategic partner, Anhua Group and to its associated company, Anyang Jiulong of RMB 187.32 million, the Group has obtained continued financial support from Anhua and Anyang Jiulong, which had agreed to defer payments of trade payables owing to them till Anyang Jiutian is able to settle its other liabilities.

With the continued financial support from 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.

Group's cash flow

Net cash generated from operating activities of RMB 13.85 million in FY2016 as compared to net cash used in operating activities of RMB 62.39 million in FY2015 was mainly due to (i) higher profit before changes in working capital recorded in FY2016; and (ii) increase in amount due to suppliers. This was partially offset by the increase in amount due from customers in FY2016.

Net cash used in investing activities of RMB 63.16 million in FY2016 as compared to net cash used in investing activities of RMB 19.46 million in FY2015 was mainly due to increase in purchase of property, plant and equipment and increase of advances to Anyang Jiujiu, partially offset by repayment from related party in FY2016.

Net cash generated from financing activities of RMB 36.50 million in FY2016 as compared to net cash generated from financing activities of RMB 78.77 million in FY2015 was mainly due to lower drawdown of bank borrowing and decrease in bill payables to bank in FY2016.

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

Not applicable. No forecast or prospect statements has been previously disclosed to shareholders.

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.

Anyang Jiutian Fine Chemical Co., Ltd

The Company's performance continues to be affected by: (i) weak demand of chemical products in China including DMF and methylamines; and (ii) general slowdown in 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.

Anyang Jiujiu Chemical Technology Co., Ltd

Following the Company's announcement dated 30 August 2016 in respect of the update on project sodium hydrosulfite (the "Project"), the Project had on 30 December 2016 obtained the environmental permit from the Department of Environmental Protection of Henan Province. Currently the Project is waiting for the approval of the production permit. Barring unforeseen circumstances, the Group is confident that commercial production of the Project can start in phases from 2Q2017. An announcement will be made to update shareholders once the Project commences commercial production.

Henan Herunsheng Isotope Technology Co., Ltd

The construction of the main production facilities for the manufacture of Oxygen 18 and deuterium depleted water have been substantially completed in December 2016. Trial production is currently in progress and barring any unforeseen circumstances, the facilities are expected to commence commercial production at the end of FY2017. The Company will update shareholders once the facilities commences commercial production.

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/recommendeded, a statement to that effect.

No dividend has been recommended for the current financial year 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)
	FY2016	FY2016
Anyang Chemical Industry Group Co., Ltd	Nil	RMB 222.42 million
Anyang Jiulong Chemical Co., Ltd	Nil	RMB 104.87 million

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has only one major reportable segment, which is manufacturing and selling of chemical-based products, i.e. methylamine and DMF. All the Group's sales and major assets are in the People's Republic of China. Accordingly, no segment information is presented.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

See paragraph 14 above.

16. A breakdown of sales

The following table shows the breakdown of sales and net profit during the first and second halves of FY2016 and FY2015.

Group	FY2016 RMB'000	FY2015 RMB'000	% increase / (decrease)
a) Sales reported for first half year	313,343	390,550	(19.77)
b) Net profit attributable to the Group for the first half year	5,858	12,424	(52.85)
c) Sales reported for second half year	395,169	287,432	37.48
d) Net loss attributable to the Group for the second half year	(5,499)	(20,855)	(73.63)

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

The Board of Directors confirms that there is no person occupying managerial position in the Company or any of its principal subsidiaries who is a relative of a director, executive officer or substantial shareholder of the Company as at date of this announcement.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in format set out in Appendix 7(H)) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

BY ORDER OF THE BOARD

Name: Zhou Hongxuan
Designation: Chief Executive Officer
Date: 24 February 2017

This announcement has been prepared by the Company and its contents have been reviewed by the sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.