

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Quarterly Financial Statement Announcement for the Quarter Ended 31 March 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-Mar-16 RMB'000	Unaudited Group Three months ended 31-Mar-15 RMB'000	Increase/ (Decrease) %
Revenue	149,220	177,770	-16
Cost of sales	(138,318)	(154,819)	-11
Gross profit	10,902	22,951	-52
Other income	1,069	600	78
Distribution costs	(2,086)	(3,310)	-37
Administrative expenses	(5,882)	(5,783)	2
Other expenses	(480)	(97)	n/m
Finance costs	(1,338)	-	n/m
Share of result of associated companies	(917)	(246)	n/m
Profit before tax	1,268	14,115	-91
Tax expense	-	(2,483)	-100
Profit and total comprehensive income for the period	1,268	11,632	-89
Profit and total comprehensive income for the period attributable to:			
Equity holders of the Company	1,379	11,633	
Non-controlling interest	(111)	(1)	
	1,268	11,632	

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-16 RMB'000	Unaudited Group Three months ended 31-Mar-15 RMB'000	Increase/ (Decrease) %
Profit before tax is arrived at after charging/(crediting):			
Amortisation of deferred income	(17)	(17)	0%
Amortisation of land use rights	234	234	0%
Depreciation of property, plant and equipment	6,843	7,426	-8%
Interest expenses	1,338	-	n/m
Interest income	(28)	(65)	-57%
Loss on disposal of property, plant and equipment	321	-	n/m
Net loss on foreign exchange	159	97	64%

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-16 RMB'000	Group 31-Dec-15 RMB'000	Unaudited Company 31-Mar-16 RMB'000	Company 31-Dec-15 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	54,337	52,841	1,275	2,539
Trade and other receivables	403,795	366,035	65	62
Inventories	20,007	25,164	-	-
Total current assets	478,139	444,040	1,340	2,601
<u>Non-current assets</u>				
Land use rights	6,978	7,212	-	-
Property, plant and equipment	270,973	276,969	-	-
Investment in subsidiary companies	-	-	87,027	87,027
Investment in associated companies	352,531	353,448	339,709	339,709
Deferred tax assets	13,498	13,498	-	-
Total non-current assets	643,980	651,127	426,736	426,736
Total assets	1,122,119	1,095,167	428,076	429,337
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Bank borrowings	55,000	15,000	-	-
Trade and other payables	530,323	544,622	6,059	5,974
Income tax payables	269	269	-	-
Total current liabilities	585,592	559,891	6,059	5,974
<u>Non-current liabilities</u>				
Bank borrowings	50,000	50,000	-	-
Deferred income	307	324	-	-
Total non-current liabilities	50,307	50,324	-	-
<u>Capital and reserves</u>				
Share capital	661,153	661,153	661,153	661,153
Accumulated losses	(202,608)	(203,987)	(239,136)	(237,790)
Equity attributable to equity holders of the Company	458,545	457,166	422,017	423,363
Non-controlling interests	27,675	27,786	-	-
Total equity	486,220	484,952	422,017	423,363
Total liabilities and equity	1,122,119	1,095,167	428,076	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>As at 31 March 2016</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	55,000	-	15,000	-

Amount repayable after one year

	<u>As at 31 March 2016</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 March 2016, RMB 40.00 million of short-term borrowings was guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 31 March 2016 and 31 December 2015, RMB 15.00 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 60.00 million and a security deposit of RMB 3.00 million are pledged to HNEC for the corporate guarantee provided.

As at 31 March 2016 and 31 December 2015, non-current borrowings amounted to RMB 50.00 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 March 2016, there are RMB 53.30 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 of bank deposits amounting of RMB 38.30 million.

As at 31 December 2015, there are RMB 37.30 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 of bank deposits amounting of RMB 22.30 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-16 RMB'000	(Unaudited) Group Three months ended 31-Mar-15 RMB'000
Cash flows from operating activities		
Profit before tax	1,268	14,115
Adjustments for:		
Amortisation of deferred income	(17)	(17)
Amortisation of land use rights	234	234
Depreciation of property, plant and equipment	6,843	7,426
Interest expense	1,338	-
Interest income	(28)	(65)
Net loss on disposal of plant and equipment	321	-
Share of result of associated companies	917	246
Operating cash flows before movement in working capital	10,876	21,939
Inventories	5,156	(24,003)
Receivables	8,683	16,015
Payables	(30,299)	(5,867)
Cash (used in)/generated from operations	(5,584)	8,084
Interest received	28	65
Income tax paid	-	(733)
Net cash (used in)/generated from operating activities	(5,556)	7,416
Cash flows from investing activities		
Advances to associated company, net of repayment	(46,123)	-
Purchase of property, plant and equipment (Note 1)	(2,508)	(2,293)
Proceed from disposal of property, plant and equipment	21	-
Repayment from related parties	1,000	-
Net cash used in investing activities	(47,610)	(2,293)
Cash flows from financing activities		
Drawdown of bank borrowings	40,000	-
Increase in pledged bank deposits	(16,000)	(58,734)
Increase in bill payables to bank	16,000	48,891
Interest paid	(1,338)	-
Net cash generated from /(used in) financing activities	38,662	(9,843)
Net decrease in cash and cash equivalents	(14,504)	(4,720)
Cash and cash equivalents at beginning of period	30,541	31,674
Cash and cash equivalents at end of period	16,037	26,954
Cash and bank balances at end of period	54,337	94,498
Less: Pledged bank deposit	(38,300)	(67,544)
Cash and cash equivalents at end of period	16,037	26,954
Note 1: Purchase of property, plant and equipment		
Aggregate cost of property, plant and equipment acquired	1,188	2,278
Add: outstanding payables at the beginning of the period	7,443	5,552
Less: outstanding payables at the end of the period	(7,443)	(5,537)
Add: advance payments at the end of the period	8,645	14,340
Less: advance payments at the beginning of the period	(7,325)	(14,340)
	2,508	2,293

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	661,153	(203,987)	457,166	27,786	484,952
Profit and total comprehensive income for the period	-	1,379	1,379	(111)	1,268
Balance at 31 March 2016	661,153	(202,608)	458,545	27,675	486,220
Balance at 1 January 2015	661,153	(195,270)	465,883	27,500	493,383
Profit and total comprehensive income for the year	-	11,633	11,633	(1)	11,632
Balance at 31 March 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 1 January 2016	661,153	(237,790)	423,363
Loss and total comprehensive loss for the period	-	(1,346)	(1,346)
Balance at 31 March 2016	661,153	(239,136)	422,017
Balance at 1 January 2015	661,153	(231,991)	429,162
Loss and total comprehensive loss for the year	-	(1,422)	(1,422)
Balance at 31 March 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 March 2015	1,818,444,000	133,854,092	661,152,648
As at 31 March 2016	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 2016 and 31 December 2015. The total number of issued shares of the Company are:

	Number of shares	Resultant issued and paid-up share capital S\$	Resultant issued and paid-up share capital RMB
As at 31 December 2015	1,818,444,000	133,854,092	661,152,648
As at 31 March 2016	1,818,444,000	133,854,092	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.

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 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 material adjustments to the financial position, results of operations or cash flows 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-Mar-16	(Unaudited) Group Three months ended 31-Mar-15
Profit per ordinary share for the financial period based on consolidated profit attributable to equityholders of the Company :		
(a) Basic / Diluted (Rmb fen)	0.08	0.64
(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 2016 RMB fen	Group 31 Dec 2015 RMB fen	(Unaudited) Company 31 Mar 2016 RMB fen	Company 31 Dec 2015 RMB fen
Net asset per ordinary share	25.22	25.14	23.20	23.28

Net asset value per ordinary share for 31 March 2016 and 31 December 2015 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

1Q2016

Revenue for 1Q2016 was RMB 149.22 million, 16% lower than 1Q2015 of RMB 177.77 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 1Q2016 at RMB 3,924 per tonne was 13.4% below 1Q2015. Average selling price of methylamine in 1Q2016 at RMB 5,039 per tonne was 10.4% below 1Q2015.

Capacity utilisation at the Anyang Jiutian DMF plant and methylamine plant with annual capacity of 150,000 tons decreased from 81% and 100% in 1Q2015 to 41% and 80% in 1Q2016 respectively. The lower capacity utilisation for 1Q2016 mainly due to the plant was temporary shutdown during Chinese New Year period for repair and maintenance, the plant had resumed its operation in Feb 2016.

The gross profit reduced from RMB 22.95 million in 1Q2015 to RMB 10.90 million in 1Q2016 the decrease was consistent with the decrease in revenue and cost of goods sold.

Other income mainly consists of interest income and rental income.

Distribution expenses decreased by 37% to RMB 2.09 million in 1Q2016. The decrease was consistent with the lower revenue recorded.

There was no material changes on administrative expenses in 1Q2016 against 1Q2015.

Other expenses for 1Q2016 mainly consists of foreign exchange losses amounted to RMB 0.16 million (1Q2015: RMB 0.10 million) arises from the revaluation of certain monetary assets and liabilities in holding company denominated in Singapore dollars and loss on disposal of plant and equipment amounted to RMB 0.32 million (1Q2015: Nil).

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 April 2016.

No tax expenses was provided in 1Q2016 was mainly due to the Group has unutilised tax losses arose from tax losses incurred in FY2015.

As a result, the Group registered a net profit attributable to equity holders of the Company of RMB 1.38 million in 1Q2016 against RMB 11.63 million in 1Q2015.

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:

Group's current assets as at 31 March 2016 was RMB 478.14 million, increased of RMB 34.10 million relative to that as at 31 December 2015. The net increase was largely attributed to:

- a. increase in trade and other receivables of RMB 37.76 million mainly due to increase of advances to Anyang Jiujiu Chemical Technology Co., Ltd ("Anyang Jiujiu") for the payment of the construction of its plants amounted to RMB 46.12 million. The increase was partially offset by the repayment from related party amounted to RMB 1.00 million and trade receivables amounted to RMB 7.36 million which is in line with the decrease of revenue;
- b. increase in cash and cash equivalents of RMB 1.50 million from RMB 52.84 million as at 31 December 2015 to RMB 54.34 million due largely to cash generated from financing activities; and
- c. the increase was partially offset against decrease in inventories of RMB 5.16 million.

Group's non-current assets decreased by RMB 7.15 million due largely to:

- a. the depreciation and amortisation of property, plant and equipment and land use rights of RMB 7.08 million. However, the decrease was partially offset by the increase in property, plant and equipment of RMB 1.19 million; and
- b. share of loss from associated companies of RMB 0.92 million.

Group's current liabilities as at 31 March 2016 was RMB 585.59 million, a increase of RMB 25.70 million relative to that as at 31 December 2015. The net increase was largely attributed to:

- a. increase in bank borrowings of RMB 40.00 million;
- b. increase in trade bills payables to banks of RMB 16.00 million relative to 31 December 2015; and
- c. the increase was partially offset by decrease in trade payables and trade bills payables RMB 30.30 million.

Net asset value as at 31 March 2016 was RMB 486.22 million, RMB 1.27 million higher than the net asset value as at 31 December 2015 of RMB 484.95 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)

Group's balance sheet:

Current liabilities of the Group as at 31 March 2016 exceeded its current assets by RMB 107.45 million attributable to the continuing losses 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 201.96 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.

The Board is not aware of any other material information which has not been disclosed.

Company's balance sheet:

Company's net assets decreased by RMB 1.35 million as at 31 March 2016 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 did not provide any forecast of financial performance in 4Q2015 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 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.

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)
	1Q2016	1Q2016
Anyang Chemical Industry Group Co., Ltd	Nil	RMB 41.96 million
Anyang Jiulong Chemical Co., Ltd	Nil	RMB 14.64 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 2016 to be false or misleading in any material respect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

Jiutian Chemical Group Limited confirms that undertakings under Rule 720(1) have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

BY ORDER OF THE BOARD

Name: Sun Zhiqiang
Designation: Acting Chief Executive Officer
Date: 22 April 2016