
RESPONSE TO SGX QUERY IN RESPECT OF THE RESULT ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2015

The Board of Directors (the “Board”) of Jiutian Chemical Group Limited (the “Company” or the “Group”) would like to respond to the following query raised by SGX on 26 November 2015 (“SGX Query”) in respect of the results announcement for the financial period ended 30 September 2015 as follows:-

SGX Query:

We refer to page 10 of the results announcement.

- Please provide reasons for the 40% decline in sales and elaborate the factors when selling price was 16.53% lower.
- We note that sales volume decreased by 12%. Please elaborate what were the remaining factors that caused the significant decline of 40% in revenue.
- Please provide details of “increased in raw material price” and elaborate on factors that affected this.

Company’s response:

- The 40% decline in sales was mainly due the challenging market condition which impacted both sales volume and average selling price.

The breakdown of revenue of the Group by products are as follows:

Source of revenue	3Q2015 RMB’000	3Q2014 RMB’000	Variances %
Dimethylformamide (“DMF”)	70,831	95,303	25.7%
Methylamine	59,109	118,111	49.9%
Others (note)	2,296	7,916	67.9%
Total	132,236	221,330	40.3%

Note: others represents the sale of consumable carbon dioxide and oxygen.

Impact of sales volume and average selling price:

	3Q2015	3Q2014	Variances
DMF			
Selling price (including VAT, RMB)	3,903	4,579	14.8%
Selling price (excluding VAT, RMB)	3,336	3,915	14.8%
Sales volume (Tonne)	21,232	24,343	12.7%
Total revenue generated (RMB’000)	70,831	95,303	25.7%
Methylamine			
Selling price (including VAT)	5,041	6,039	16.5%
Selling price (excluding VAT)	4,308	5,161	16.5%
Sales volume (Tonne)	13,720	22,883	30.1%
Total revenue generated (RMB’000)	59,109	118,111	49.9%

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- b) The decrease in sales volume of 12% in the results announcement was refer to the decrease on DMF's sales volume. Please refer to the respond on (a) for the other factors on decline on the total revenue.
- c) The major raw materials for our products are liquid ammonia and methanol. The price of these raw materials remained relatively high despite the depressed prices of our products. The average purchase price of liquid ammonia for 9M2015 increased by 3% to RMB 2,428 per tonne. The increase was partially offset against the decrease of methanol price by 4% to RMB 2,041 per tonne.

By Order of the Board,

Sun Zhiqiang
Acting Chief Executive Officer
30 November 2015