九天化工集团有限公司
JIUTIAN CHEMICAL GROUP LIMITED
(Company Registration No. 200415416H)

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2024

The Board of Directors of Jiutian Chemical Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Group's unaudited full year financial results announcement for the financial year ended 31 December 2024 ("**FY2024**") released via the SGXNet on 20 February 2025 (the "**Unaudited Financial Statements**"). Further reference is made to the audited financial statements of the Group for FY2024 (the "**Audited Financial Statements**") and the report thereon by the Company's independent auditor included in the Company's annual report for FY2024 which will be released on the SGXNet in due course.

Pursuant to Rule 704(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, certain changes were made to the Unaudited Financial Statements following the finalisation of the audit by the Company's independent auditor. The Board would like to announce and clarify the material variances between the Unaudited Financial Statements and the Audited Financial Statements of the Group, with the explanations thereon as set out below:

	Company				
	Audited Financial Statements RMB'000	**Unaudited Financial Statements RMB'000**	**Variance RMB'000**	**%**	**Note**
STATEMENTS OF FINANCIAL POSITION					
Non-current assets					
Investment in associated companies	21,000	14,781	6,219	42	**1**

	Group				
	Audited Financial Statements RMB'000	**Unaudited Financial Statements RMB'000**	**Variance RMB'000**	**%**	**Note**
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Revenue	50,568	243,757	(193,189)	(79)	**2**
Cost of sales	(133,789)	(326,014)	192,225	59	**2,3,4**
Other expenses	(7,461)	(13,133)	5,672	43	**3,5**
Finance costs	(6,054)	(2,085)	(3,969)	(190)	**6**
Income tax expense	(3,432)	(2,596)	(836)	(32)	**7**
Loss and total comprehensive loss for the financial year	(147,897)	(147,800)	(97)	N.M.	**4,5,6,7,9**
STATEMENTS OF FINANCIAL POSITION					
Non-current assets					
Property, plant and equipment	405,463	396,704	8,759	2	**5,6,8,9**
Right-of-use assets	–	6,259	(6,259)	N.M.	**8**
Land use rights	–	1,360	(1,360)	N.M.	**8**
Current assets					
Inventories	22,610	23,011	(401)	2	**4**
Current liabilities					
Income tax payables	836	–	836	N.M.	**7**

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	Group				
	Audited Financial Statements RMB'000	Unaudited Financial Statements RMB'000	Variance RMB'000	%	Note
CONSOLIDATED STATEMENT OF CASH FLOWS					
Cash flows from operating activities					
Adjustments for:					
Amortisation of land use rights	–	45	(45)	N.M.	8
Depreciation of property, plant and equipment	24,897	20,351	4,546	22	8
Depreciation of right-of-use assets	–	4,501	(4,501)	N.M.	8
Inventories written down	964	563	401	71	4
Impairment loss on property, plant and equipment	4,279	8,759	(4,480)	(5)	5
Interest expenses on bank borrowings	5,369	1,400	3,969	284	6
Cash flows from investing activities					
Purchase of property, plant and equipment	(90,680)	(90,051)	(629)	1	9

N.M.: not meaningful

Notes:

(1) Revision to impairment loss on investment in associated companies: Following the finalisation of the audit by the Company's independent auditor, it was concluded that the previously recognised impairment loss had been overprovided. Accordingly, the excess provision was reversed.

(2) Change in revenue recognition basis: Revenue from the trading of chemical products was initially recognised on a gross basis. However, following discussions with the auditor, it was determined that the Group is acting as an agent rather than a principal. Accordingly, revenue is now recognised on a net basis. As a result, the gross revenue of RMB 194,589,000 and corresponding cost of sales of RMB 193,189,000 have been excluded, with only the net income of RMB 1,400,000 recognised as revenue. There is no impact on gross profit.

(3) Reclassification of inventory write-downs: Inventories written down of RMB 563,000 previously was recorded under other expenses have been reclassified to cost of sales.

(4) Adjustment to inventory write-down: Upon finalisation of the audit by the Company's independent auditor regarding the net realisable value of the Group's inventories, an additional write-down of the carrying value of inventories was recognised.

(5) Revision to impairment loss on property, plant and equipment: Following the finalisation of the audit by the Company's independent auditor on the recoverable amount of the Group's property, plant and equipment, it was concluded that the previously recognised impairment loss had been overprovided. Accordingly, the excess provision was reversed.

(6) Correction of overcapitalisation of borrowing costs: Borrowing costs incurred for the construction of the new 100,000-ton methylamine plant were initially capitalised. However, as construction had been substantially completed, borrowing costs incurred thereafter should have been expensed. This misclassification has now been corrected.

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(7) Provision made for potential income tax expenses that may be incurred by the Company.

(8) Reclassification of non-financial assets: Land use rights and right-of-use assets were reclassified and presented under property, plant, and equipment to better reflect the presentation of these assets.

(9) Construction costs for property, plant, and equipment, which were previously recognised as expenses, have been corrected and capitalised.

By Order of the Board

Xu Aijun
Non-Executive and Non-Independent Chairman
7 April 2025