

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration Number: 200415416H)

Unaudited Financial Statement Announcement for the First Quarter Ended 31 March 2021 (“1Q2021”)

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-21 RMB'000	Unaudited Group Three months ended 31-Mar-20 RMB'000	<i>Increase/ (Decrease) %</i>
Revenue	439,254	199,387	120
Cost of sales	(301,105)	(185,714)	62
Gross profit	138,149	13,673	910
Other income	730	876	(17)
Distribution costs	(4,252)	(2,619)	62
Administrative expenses	(9,696)	(4,595)	111
Other expenses	(1,427)	(1,077)	32
Finance costs	(1,810)	(2,210)	(18)
Share of result of associated companies	(328)	(56)	486
Profit before tax	121,366	3,992	2,940
Tax expense	(31,166)	(1,217)	2,461
Profit and total comprehensive income for the period	90,200	2,775	3,150
Profit/ (loss) and total comprehensive income/ (loss) for the period attributable to:			
Equity holders of the Company	90,313	2,870	
Non-controlling interest	(113)	(95)	
	90,200	2,775	

(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-21 RMB'000	Unaudited Group Three months ended 31-Mar-20 RMB'000	<i>Increase/ (Decrease) %</i>
Profit before tax is arrived at after charging/(crediting):			
Amortisation of deferred income	-	(15)	(100)
Amortisation of land use rights	162	161	1
Depreciation of property, plant and equipment	8,080	6,505	24
Interest expenses	1,342	1,510	(11)
Interest income	(601)	(792)	(24)
Property, plant and equipment written off	939	1,030	(9)
Net loss on foreign exchange	488	47	938

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-21 RMB'000	Audited Group 31-Dec-20 RMB'000	Unaudited Company 31-Mar-21 RMB'000	Audited Company 31-Dec-20 RMB'000
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents	368,159	454,053	46,272	48,889
Trade and other receivables	679,400	665,146	60,221	288
Inventories	38,518	38,937	-	-
Total current assets	1,086,077	1,158,136	106,493	49,177
<u>Non-current assets</u>				
Land use rights	3,175	3,337	-	-
Property, plant and equipment	204,107	209,481	274	308
Investment in subsidiary companies	-	-	257,736	257,736
Investment in associated companies	61,930	62,258	62,258	62,258
Deferred tax assets	1,608	1,608	-	-
Total non-current assets	270,820	276,684	320,268	320,302
Total assets	1,356,897	1,434,820	426,761	369,479
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Bank borrowings	338,141	344,299	-	-
Trade and other payables	329,620	502,645	462	544
Contract liabilities	30,512	22,549	-	-
Income tax payables	40,448	37,350	3,000	-
Total current liabilities	738,721	906,843	3,462	544
<u>Non-current liabilities</u>				
Amount owing to subsidiary	-	-	11,504	11,374
Deferred tax liabilities	3,090	3,090	-	-
Deferred income	2,000	2,000	-	-
Total non-current liabilities	5,090	5,090	11,504	11,374
<u>Capital and reserves</u>				
Share capital	709,977	709,977	709,977	709,977
Accumulated losses	(117,691)	(198,971)	(298,182)	(352,416)
Statutory reserve fund	22,764	13,733	-	-
Equity attributable to equity holders of the Company	615,050	524,739	411,795	357,561
Non-controlling interests	(1,964)	(1,852)	-	-
Total equity	613,086	522,887	411,795	357,561
Total liabilities and equity	1,356,897	1,434,820	426,761	369,479

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>(Audited)</u>	
	As at 31 March 2021		As at 31 December 2020	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	RMB'000	RMB'000	RMB'000	RMB'000
Bank borrowings	110,000	-	110,000	-
Bills payable to banks	228,141	-	234,299	-
Total	338,141	-	344,299	-

Details of any collaterals

As at 31 March 2021, there were RMB 90 million (31 December 2020: RMB 90 million) short-term borrowings guaranteed by one of the Group's related party, Anyang Chemical Industry Group Co., Ltd. ("Anhua").

As at 31 March 2021, there were RMB 20 million (31 December 2020: RMB 20 Million) short-term borrowings guaranteed by a related party of the Group, Henan Energy and Chemical Co., Ltd ("HNEC"). A security deposit of RMB 3 million were pledged to HNEC for the aforementioned corporate guarantee provided.

Bills payable to banks

As at 31 March 2021, there were RMB 228.14 million (31 December 2020: RMB 234.30 million) in bills payable to bank. Bills payable to banks have an average maturity 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 188.15 million (31 December 2020: RMB 194.33 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-21 RMB'000	(Unaudited) Group Three months ended 31-Mar-20 RMB'000
Cash flows from operating activities		
Profit/ (loss) before tax	121,366	3,992
Adjustments for:		
Amortisation of deferred income	-	(15)
Amortisation of land use rights	162	161
Depreciation of property, plant and equipment	8,080	6,505
Interest expense	1,342	1,510
Interest income	(601)	(792)
Property, plant and equipment written off	939	1,030
Share of result of associated companies	328	56
Operating cash flows before movement in working capital	131,616	12,447
Inventories	419	(20,080)
Receivables	(13,178)	64,869
Payables	(165,062)	(150,945)
Cash (used in)/ generated from operations	(46,205)	(93,709)
Interest received	601	792
Income tax paid	(28,069)	(864)
Net cash (used in)/ generated from operating activities	(73,673)	(93,781)
Cash flows from investing activities		
Advances to associated company	(1,076)	(1,375)
Purchase of property, plant and equipment (Note 1)	(3,645)	(82)
Net cash used in investing activities	(4,721)	(1,457)
Cash flows from financing activities		
Repayment of bank borrowings	-	(10,000)
(Increase)/ decrease in pledged bank deposits	9,175	(1,279)
Increase/(decrease) in bill payables to bank	(6,158)	1,273
Interest paid	(1,342)	(1,510)
Net cash used in financing activities	1,675	(11,516)
Net decrease in cash and cash equivalents	(76,719)	(106,754)
Cash and cash equivalents at beginning of period	256,727	136,727
Cash and cash equivalents at end of period	180,008	29,973
Cash and bank balances at end of period	368,159	295,367
Less: Pledged bank deposit	(188,151)	(265,394)
	180,008	29,973
Note 1:Purchase of property, plant and equipment		
Aggregate cost of property, plant and equipment acquired	3,645	82
Add: outstanding payables at the beginning of the period	32,886	30,534
Less: outstanding payables at the end of the period	(32,886)	(30,534)
	3,645	82

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	Statutory reserve fund	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 2021 (Audited)	709,977	(198,971)	13,733	524,739	(1,852)	522,887
Profit and total comprehensive income for the financial period	-	90,313	-	90,313	(113)	90,200
Transfer to statutory reserve fund	-	(9,031)	9,031	-	-	-
Balance at 31 March 2021 (Unaudited)	709,977	(117,689)	22,764	615,052	(1,965)	613,087
Balance at 1 January 2020 (Audited)	661,153	(358,923)	-	302,230	(1,285)	300,945
Loss and total comprehensive loss for the financial period	-	2,870	-	2,870	(95)	2,775
Balance at 31 March 2020 (Unaudited)	661,153	(356,053)	-	305,100	(1,380)	303,720

	Share capital	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000
<u>Company</u>			
Balance at 1 January 2021 (Audited)	709,977	(352,416)	357,561
Profit and total comprehensive income for the financial period	-	54,234	54,234
Balance at 31 March 2021 (Unaudited)	709,977	(298,182)	411,795
Balance at 1 January 2020 (Audited)	661,153	(341,731)	319,422
Profit and total comprehensive income for the financial period	-	2,264	2,264
Balance at 31 March 2020 (Unaudited)	661,153	(339,467)	321,686

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 31 December 2020 and 31 March 2021	1,988,444,000	709,976,678

There were no outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020.

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 were no treasury shares as at 31 March 2021 and 31 December 2020. The total number of issued shares of the Company are:

	Number of shares	Issued and paid-up share capital
		RMB
As at 31 December 2020 and 31 March 2021	1,988,444,000	709,976,678

1(d)(iv) A statement showing all sales, transfers, 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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the financial year 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 as the 1Q2021 figures have not been audited or reviewed.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.

The financial information has been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including SFRS(I) 1-34 Interim Financial Reporting, and the same accounting policies and methods of computation adopted in the audited financial statements of the last financial year, except for those disclosed under paragraph 5 below.

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 and the Company have adopted the new and revised SFRS(I)s, and Interpretations of SFRS(I) ("**SFRS(I) INTs**") that are effective for the annual period beginning on 1 January 2021. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

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 2021	(Unaudited) Group Three months ended 31 Mar 2020
Basic and Diluted earnings per share (RMB fen)	4.54	0.16

Earnings per share ("**EPS**") for the respective financial periods are computed based on the net profit/(loss) attributable to equity holders of the Company and the weighted average number of the shares of 1,988,444,000 (FY2020: 1,818,444,000).

The basic and diluted EPS are the same as there were no potentially dilutive ordinary shares outstanding during the respective financial periods.

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 2021	(Audited) Group 31 Dec 2020	(Unaudited) Company 31 Mar 2021	(Audited) Company 31 Dec 2020
Net asset value per ordinary share (RMB fen)	30.83	26.30	20.71	17.98

Net asset value per ordinary share as at 31 March 2021 and 31 December 2020 respectively have been computed based on total issued shares of 1,988,444,000.

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

1Q2021

Compared to 1Q2020, revenue increased mainly due to increase in both sales volume and average selling prices of our main products, Dimethylformamide (“DMF”) and Methylamine. For 1Q2021, average selling prices of DMF and Methylamine were RMB9,344 per tonne and RMB 9,272 per tonne respectively, which were 98% and 38% higher than that for 1Q2020. The sales volume of DMF and Methylamine in 1Q2021 were 65% and 32% higher than that 1Q2020. The increase in sales volume and average product prices was mainly due to the continuing recovery of China's economy from the depth of the COVID -19 crisis and surge in demand for our main products from downstream users, who in turn are experiencing strong growth in both local and export markets for their products.

Year on year, the capacity utilisation of our DMF plant increased from 56% to 69% whilst capacity utilisation rate of our methylamine plant increased from 89% to full capacity.

Gross profit increased by 910% mainly due to increase in average selling price of our products. As a result of the foregoing, gross profit margins increased from 7% in 1Q2020 to 32% in 1Q2021.

Total operating expenses increased RMB 7.36 million mainly due to

- a) Distribution costs increased mainly due to increase of transportation cost under Anyang Jiutian in line with higher sales volume of DMF during the financial period.
- b) Administrative expenses increased mainly due to higher staff related expenses incurred as higher performance related salary given against the corresponding period and under provision of staff bonus related to FY2020.
- c) Other expenses increased mainly due to increase in net loss on foreign exchange arising from the revaluation of certain monetary assets and liabilities in holding company denominated in Singapore dollars.

The decrease in finance cost compared to 1Q2020 was mainly due to decrease in bank borrowings during 1Q2021.

As a result of the above, the Group's net profit attributable to Shareholders for 1Q2021 increased from RMB 2.87 million to RMB 90.31 million.

Commentaries on balance sheet and cash flow

Group's balance sheet:

The Group's decrease in non-current assets was mainly due to the depreciation and amortisation of property, plant and equipment and land use rights.

The Group's decrease in current assets was largely attributed to:

- a. a decrease in cash and cash equivalents due largely to cash used in operating activities, investing activities as presented in the cash flow statements; and
- b. partially offset by an increase in trade and other receivables, as more customers opted to use trade bills as a form of repayment during 1Q2021 and this led to a longer credit repayment period. However, part of the trade bills received from customers during 1Q2021 were then used to repay the supplier as trade bills payables. Other receivable comprised advance payment to suppliers for purchasing of raw material to ensure no interruption to the continuous operation of plants.

The Group's decrease in current liabilities was largely attributed to:

- a. a decrease in trade and other payables due to lesser trade bills received from customer with longer credit repayment period used to repay the supplier as trade bills payables during 1Q2021;
- b. a decrease in bank borrowings due to repayment of bill payable to banks; and
- c. Partially offset by increased in income tax payables due to higher net profit and contract liabilities due to more advance receipts from customers.

Working Capital

The Group is in a net current assets position as at 31 March 2021 of RMB 347.36 million.

Group's cash flow

Net cash used in operating activities in 1Q2021 was mainly due to outflow from working capital changes caused by decrease in trade payables and income tax paid.

Net cash used in investing activities in 1Q2021 was mainly due to purchase of property, plant and equipment and advance provided to Anyang Jiujiu for working capital purposes.

Net cash generated from financing activities in 1Q2021 was mainly due to decreased in cash pledged at bank to secure bank borrowings. This was partially offset by repayment of bank borrowing and interest paid.

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 have 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.

As China's post Covid-19 economic recovery gathered momentum, we continued to experience strong demand for our main products of DMF and methylamine from the start of 2021. Customers from high growth sectors of EV batteries, electronics, pharmaceutical and animal feeds continued to benefit from strong growth in both domestic and export markets, despite a traditionally slow quarter when Chinese New Year was celebrated over a 20 days period.

Going forward, we will focus on continuing to operate efficiently, and moving our utilisation rates higher to take advantage of the current favourable operating margins of our main products. Barring any significant resurgence of COVID-19 in China, we anticipate the production operations of the Group to be smooth and product prices to remain stable for the rest of the financial year.

The Group has been constantly exploring potential investment opportunities including acquisition of synergistic businesses or manufacturing facilities, and plant expansion where the market demand for the product is expected to be strong and sustainable. On this front, we are in the process of finalising an expansion plan comprising a new 100,000 ton methylamine plant adjacent to our current 120,000 ton methylamine/ DMF facility. Details of the proposed expansion plan will be announced in due course.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

Yes, an interim ordinary dividend has been declared.

Name of dividend	Interim tax-exempt dividend
Dividend type	Cash
Dividend amount per share	S\$0.0035 per ordinary share
Tax rate	Tax-exempt (1-tier)

(b)(i) Amount per share (S\$)

S\$0.0035 per ordinary share

(ii) Previous corresponding period (S\$)

Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

One-tier tax exempt

(d) The date the dividend is payable.

The Interim tax-exempt dividend will be paid on 18 June 2021

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Jiutian Chemical Group Limited (the "**Company**") will be closed at 5.00 p.m. on 3 June 2021 for the purpose of determining shareholders' entitlements to the proposed tax exempt (one-tier) interim dividend of S\$0.0035 per ordinary share ("**Interim Dividend**").

Shareholders (being depositors) whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company ("**Share**") at 5.00 p.m. on the 3 June 2021 will be entitled to the Interim Dividend.

Duly completed registrable transfers in respect of the Share received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.) of 80 Robinson Road, #11-02, Singapore 068898, up to 5.00 p.m. on the 3 June 2021 will also be registered to determine shareholders' entitlements to the Interim Dividend.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No applicable.

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.

The Company had at its annual general meeting held on 28 April 2021 obtained shareholders' approval for the renewal of the general mandate for IPTs. Save as disclosed below, there are no other IPTs equal to or above S\$100,000 in 1Q2021.

Name of interested person / Nature of relationship	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)
	1Q2021	1Q2021
Anyang Chemical Industry Group Co., Ltd ("Anhua") ⁽¹⁾		Sales of Repair Material, industrial steams and electricity RMB 30.39 million
		Purchase of Raw Materials I and II RMB 126.71 million
		Purchase of Repair Materials RMB 0.40 million
		Rental income of equipment RMB 0.16 million
		Advance payment for purchase of Raw Materials I and II ⁽⁴⁾ RMB 49.43 million
Anyang Jiujiu Chemical Technology Co., Ltd ⁽²⁾	Advances given for working capital purposes RMB 1.13 million	Nil
Anyang Jiulong Chemical Co., Ltd ⁽³⁾		Sale of Dimethylamine RMB 24.89 million
		Purchase of electricity and industrial steam RMB 13.97 million
		Rental of equipment RMB 0.17 million
		Advance payment for purchase of electricity and industrial steam ⁽⁴⁾ RMB 12.14 million

Notes:

- (1) Anhua is the holding company of Anyang Longyu (HK) Development Co., Ltd. ("Anyang Longyu"), a controlling shareholder of the Company. Anyang Longyu holds approximately 27.63% of the issued share capital of the Company.
- (2) Anyang Jiujiu is a joint venture between Jiutian Chemical Group Limited and Anyang Jiulong pursuant to which Anyang Jiulong holds 51% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiujiu. The effective interest of the Group in Anyang Jiujiu is therefore approximately 74%. However, it was assessed and concluded that the Group has no control but only significant influence over Anyang Jiujiu as the majority voting rights and representative of the board of the directors in Anyang Jiujiu are held by Anyang Jiulong. As Anyang Jiulong is a subsidiary company of HNEC, the parent of Anhua who is in turn the holding company of the controlling shareholder, Anyang Longyu. HNEC would have control over Anyang Jiujiu through Anyang Jiulong.

The Advances were made for Anyang Jiujiu's working capital and were provided by the joint venture partners, namely the Company and Anyang Jiulong, in proportion to their respective equity interest in Anyang Jiujiu and on the same terms and conditions. The Advances are interest-free, payable on demand and is guaranteed by a related party of the Group, Anhua.

Pursuant to Rule 916(3) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the Audit Committee of the Company, having considered the terms of the Advances and the joint venture, is of the view that (i) the provision of the Advances is not prejudicial to the interest of the Company and its minority shareholders, and (ii) the risk and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are on normal commercial terms and are not prejudicial to the interest of the Company and its minority shareholders.

- (3) Anyang Jiulong is a joint venture between Jiutian Chemical Group Limited and Anhua and Henan Energy and Chemical Industry Group Co., Ltd. ("HNEC") pursuant to which Anhua holds 15.9% and HNEC holds 35.1% and Jiutian Chemical Group Limited holds 49% of the registered capital of Anyang Jiulong. HNEC is the parent of Anhua.
- (4) The advanced payments to Anhua and Anyang Jiulong for purchase of raw materials was to ensure no interruption to the continuous operation of Anyang Jiutian production plants. The Audit Committee had reviewed the transactions and concurred that these transactions were carried out on normal commercial terms and were not less favourable compared to third party suppliers and were conducted in accordance with the procedures of the IPT mandate. As at 30 April 2021, Anhua and Anyang Jiulong had delivered 50% and 60% respectively of the raw materials against the advance payments.

14. Negative confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Han Lianguo and Wang Gang, 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 of the Company and the Group for the first quarter ended 31 March 2021 to be false or misleading in any material respect.

15. 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.

16. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

During 1Q2021, the Company did not acquire any shares resulting in any company becoming a subsidiary or associated company or increasing its shareholding percentage in any subsidiary. Additionally, the Company did not dispose any shares resulting in a company ceasing to be a subsidiary or associated company or decreasing its shareholding percentage in any subsidiary.

17. Use of Net Proceeds

The following relates to the net proceeds of S\$9.97 million raised from the Placement that was completed on 27 October 2020:

Purpose	Amount allocated (S\$'000)	Net proceeds utilised as at the date of announcement (S\$'000)	Balance unutilised (S\$'000)
<u>Working Capital</u>			
- Wages and staff related cost		340	
- Directors' fee		140	
- Office rental		48	
- Professional fees		45	
- Other office expenses		38	
Total	<u>9,967</u>	<u>611</u>	<u>9,356</u>

The use of proceeds is consistent with the Company's proposed use of funds as set out in the announcement dated 27 October 2020.

BY ORDER OF THE BOARD

Name: Han Lianguo
Designation: Non-executive and Non-independent Chairman
Date: 14 May 2021

This announcement has been reviewed by the Company's Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "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.

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