



九天化工集团有限公司  
JIUTIAN CHEMICAL GROUP LIMITED  
(the "Company")  
(Company Registration Number: 200415416H)  
(Incorporated in the Republic of Singapore)

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- (I) PROPOSED DIVERSIFICATION OF BUSINESS INTO THE NEW BUSINESS (AS DEFINED BELOW); AND
  - (II) PROPOSED ENTRY INTO FRAMEWORK AGREEMENT (AS DEFINED BELOW) WITH ANHUA CHEMICAL INDUSTRY GROUP CO., LTD., A CONTROLLING SHAREHOLDER OF THE COMPANY, IN RESPECT OF THE PROPOSED INVESTMENT (AS DEFINED BELOW)
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## 1. INTRODUCTION

- 1.1 The board of directors (the "**Board**" or "**Directors**") of Jiutian Chemical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that subject to the approval of the shareholders of the Company (the "**Shareholders**") to be sought at an extraordinary general meeting ("**EGM**") to be convened, the Company intends to diversify its business and expand its existing core business to include the New Business, which includes, *inter alia*, the manufacturing, production and sale of synthetic ammonia and urea and the investment in such interests in any entity or business involving the manufacturing, production and/or sale of synthetic ammonia and/or urea (the "**Proposed Diversification**").
- 1.2 In conjunction with the Proposed Diversification, the Company's wholly owned subsidiary, Anyang Jiutian Fine Chemical Co. Ltd. ("**Anyang Jiutian**") has, on 11 January 2024, entered into a framework agreement (the "**Framework Agreement**") with Anyang Chemical Industry Group Co., Ltd. ("**Anhua**" and together with Anyang Jiutian, the "**Parties**" and each, a "**Party**"), a controlling shareholder of the Company having a deemed interest in approximately 25.27% of the Company's total issued and paid-up share capital as at the date of this announcement, in respect of, *inter alia*:
- (a) **Synthetic Ammonia Project**: an investment to construct new production facilities to manufacture, produce and sell synthetic ammonia (the "**Synthetic Ammonia Production Facility**") and the right to use such land on which the Synthetic Ammonia Production Facility is intended to be constructed on (the "**Synthetic Ammonia Project Land**") (the "**Synthetic Ammonia Project**"); and
  - (b) **Urea Production Facility**: the lease of existing production facilities for the manufacturing and production of urea (inclusive of the lease of land and plant and machinery) (the "**Urea Production Facility**") with a production capacity of 200,000 tonnes of urea per year, from Anhua to Anyang Jiutian. The lease contemplates an initial lease term of 20 years, and upon the expiry of such initial lease term, Anyang Jiutian shall have the right to renew the lease in priority to other parties on the same terms and conditions,

(collectively, the "**Proposed Investment**").

- 1.3 The Company intends to convene an EGM to seek Shareholders' approval for the Proposed Diversification and the Proposed Investment. For more details on the Proposed Diversification and the Proposed Investment, please refer to paragraphs 2 and 3 of this announcement. Further information on the Proposed Diversification and the Proposed Investment will also be set out in a circular to be issued by the Company to the Shareholders in due course, for the purpose of obtaining the approval of Shareholders in respect of the Proposed Diversification and the Proposed Investment at the EGM to be convened (the "**Circular**"). The EGM will allow Shareholders to consider, and if thought fit, to approve the Proposed Diversification and the Proposed Investment.

## 2. **PROPOSED DIVERSIFICATION**

### 2.1 **Background**

The Group is presently engaged in the manufacturing and production of dimethylformamide ("**DMF**"), methylamine, sodium hydrosulfate and dimethylacetamide (DMAC), as well as the processing and sale of consumable carbon dioxide, oxygen-18 and deuterium-depleted water (collectively, the "**Existing Business**").

The Proposed Diversification contemplated by the Group involves the diversification of the Group's Existing Business to include the businesses as described below, as and when appropriate opportunities arise:

- (a) the manufacture, production and sale of synthetic ammonia and/or urea; and
- (b) the investment, purchase or otherwise acquisition and/or disposal of assets, investments, shares and/or other interests in any entity or business that is in the business of manufacturing, production and/or sale of synthetic ammonia and/or urea,

(collectively, the "**New Business**").

The Group does not intend for the New Business to be restricted to any geographical area or restricted to any particular phase or activity of the New Business. The Proposed Diversification into the New Business may be effected through investments or acquisitions of other entities or other investment structures in the New Business, joint ventures and/or directly undertaking the New Business, as and when the opportunity arises.

In view of the foregoing, the Company wishes to undertake the Proposed Investment, which involves the undertaking of the Synthetic Ammonia Project and the lease of the Urea Production Facility. Anhua presently owns the Urea Production Facility in Henan, China, along with the rights to use the Synthetic Ammonia Project Land. The right to construct and implement the Synthetic Ammonia Project currently resides with Anhua but pursuant to the Framework Agreement, such right to construct and implement the Synthetic Ammonia Project is intended to be transferred to or otherwise undertaken by Anyang Jiutian, subject to approval from Shareholders and fulfilment of the Conditions Precedent (as defined below). For the reasons as set out in paragraph 2.2 below, the Company is of the view that undertaking the manufacturing, production and sale of synthetic ammonia and urea would be of merit to the Group and that the entry into the Framework Agreement presents a business opportunity to effect such undertaking. In view of the foregoing, the Company has entered into the Framework Agreement, further details of which are set out in paragraph 3 below.

Other than the Proposed Investment, the Company will assess and consider factors such as whether it has the necessary financing and technical expertise for the investment, acquisition and/or direct undertaking, the prevailing market conditions and timing of the investment, acquisition, joint venture and/or direct undertaking, the revenue which the opportunity may

generate, and the standing and contribution of its business or joint venture partner, if any, before proceeding with any other investment, acquisition, joint venture and/ or direct undertaking, as and when such opportunities arise.

## **2.2 Rationale for the Proposed Diversification and the Proposed Investment**

The Proposed Diversification and the Proposed Investment are part of the Group's corporate strategy to provide it with diversified and long-term growth, by adding to the Group new revenue and earning streams, which the Group believes will serve to enhance Shareholders' value. The Proposed Diversification and the Proposed Investment are due to the following principal reasons:

### **(a) Increasing the Group's revenue streams**

The Board believes that the Proposed Diversification presents an opportunity to establish a new business segment for the Group. The Proposed Diversification is one of the Group's strategies to diversify and increase its revenue streams as the Group can also sell any excess synthetic ammonia manufactured that it does not require for its own manufacturing processes, to third parties. As such, through the Proposed Diversification, the Group may be able to also enhance its returns and improve its growth prospects.

### **(b) Enhance Shareholders' value**

The Proposed Diversification is part of the corporate strategy of the Group to provide Shareholders with diversified returns and long-term growth. It may provide the Group with additional funds, which can be channelled towards the enhancement of Shareholder value. Additionally, the Board believes that the Proposed Diversification can offer new business opportunities, provide the Group with new revenue streams and improve its prospects, so as to enhance Shareholders' value.

### **(c) The Proposed Diversification is complementary to the Group's Existing Business and allows the Group to reduce its reliance on its suppliers for its supply of synthetic ammonia and maintain a greater degree of control over the quality of the synthetic ammonia**

The Group's wholly owned subsidiary, Anyang Jiutian, is engaged in the manufacturing and production of DMF and methylamine. Anyang Jiutian has emerged as one of the world's largest manufacturers of DMF with a total annual capacity of 150,000 tons of DMF and methylamine. Synthetic ammonia is a key raw material used in the manufacturing and production of DMF. By entering into the New Business, the Group will be able to achieve greater efficiencies through the vertical integration of its supply chain, allowing it to lower its costs in the manufacturing and production of DMF, which can provide the Group with a relative cost advantage as compared to its competitors and at the same time, reduce the Group's dependence on third parties for its supply of synthetic ammonia. Further, producing the synthetic ammonia in-house will allow the Group to have greater control over the quality of the synthetic ammonia produced as the raw materials that go into the production of the synthetic ammonia and the production process will be directly overseen by the Group.

### **(d) Allows the Group to tap on the demand for synthetic ammonia and urea**

A feasibility study by Frost & Sullivan commissioned by the Company has been conducted on the prospects of the production of liquid ammonia, in considering the undertaking of the Proposed Diversification. Based on the feasibility study report,

China's position as a global leader in synthetic ammonia production is largely influenced by its high agricultural demand. To maximize crop yields, China uses a large number of fertilisers, including ammonia-based fertilisers.<sup>1</sup> Agricultural demand constitutes the primary catalyst for ammonia consumption. Within agriculture, ammonia plays a pivotal role in producing urea, which is directly utilised as fertiliser or employed in the creation of compound fertilisers.<sup>2</sup> Aside from the agricultural sector, China's rapid growth in the industrial sector has also fuelled demand for synthetic ammonia. Synthetic ammonia is found in applications such as the chemical synthesis industry, plastics and polymers manufacturing, metallurgy, etc.<sup>3</sup> Rapid economic growth in China has led to rising disposable income among consumers, spurring growth in multiple industrial sectors, contributing to the demand for synthetic ammonia in China.<sup>4</sup> Undertaking the New Business would thereby allow the Group to tap and harness such growing demand in various sectors, including agriculture and industrial sectors.

(e) **Entry into the Proposed Investment by way of undertaking the Synthetic Ammonia Project and the lease of the Urea Production Facility reduces risks associated with the undertaking of new businesses, amongst others**

The Board believes that undertaking the Synthetic Ammonia Project and leasing the Urea Production Facility are in the best interests of the Group as they will further the Company's intention to carry out the proposed New Business in connection with the Proposed Diversification, the rationale for which has been explained in paragraphs 2.2(a) to (d) above. In addition, the Board believes that undertaking the Synthetic Ammonia Project and leasing the Urea Production Facility will enable the Group to reduce the transactional risks associated with the proposed New Business, given that Anhua is a party with whom the Group has business dealings. As Anhua is the Company's controlling shareholder, the Company anticipates that there could be support from Anhua, and in particular, where the Company can tap on Anhua's know-how and business network to ensure that the New Business is able to take off smoothly.

In addition, the Proposed Diversification into the New Business by way of the lease of the Urea Production Facility would eliminate the issues associated with an outright purchase of the Urea Production Facility, as the latter would entail significant capital outlay by the Company, which would thereby increase the Company's reliance on external financing. In such instance, it may be likely that the Company may not be able to obtain financing on favourable or commercially reasonable terms.

**2.3 Shareholders' approval in respect of the Proposed Diversification:** For the avoidance of doubt, in accordance with the Singapore Exchange Securities Trading Limited's (the "SGX-ST") recommended practice in relation to diversification of business, the Company will observe the following in relation to any corporate action(s) that may be undertaken subsequently:

- (a) when the Group enters into its first major transaction as defined under Rule 1014 of the Catalist Rules (the "**First Major Transaction**") involving the New Business, or where any of the figures under Rule 1006 of the Catalist Rules in respect of several transactions are aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon approval of the shareholders at a general meeting;

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<sup>1</sup> Source: Feasibility Study Report prepared by Frost & Sullivan entitled "Feasibility Study of Liquid Ammonia Plant in Henan, China" issued in November 2023.

<sup>2</sup> See footnote 1 above.

<sup>3</sup> See footnote 1 above.

<sup>4</sup> See footnote 1 above.

- (b) in respect of a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or results in a change in control of the Company, the transaction would be classified as a very substantial acquisition or reverse takeover respectively. Rule 1015 of the Catalist Rules would apply and such transaction must be, among others, made conditional upon approval by shareholders in general meeting; and
- (c) in respect of a transaction which constitutes an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules would apply to such transaction.

### **3. THE PROPOSED INVESTMENT**

#### **3.1 Material Terms of the Framework Agreement**

##### **(a) Investment Amount**

The aggregate investment amount in connection with the Proposed Investment comprises:

- (i) Approximately RMB1.60 billion (or approximately S\$296.96 million<sup>5</sup>), being the estimated construction cost of the Synthetic Ammonia Production Facility and implementation cost thereof (this excludes any amount for of the use by Anyang Jiutian of the Synthetic Ammonia Project Land (as referred to in paragraph 3.1(a)(ii) below). Out of the foregoing RMB1.60 billion, the Company shall reimburse Anhua approximately RMB20 million (or approximately S\$3.71 million<sup>6</sup>) for the costs that it had incurred for preliminary work done in relation to the Synthetic Ammonia Project (the "**Reimbursement Amount**"), including expenses incurred for the project research, project technical work, survey and design, part of the construction and installation work, and governmental formalities etc. in connection with the Proposed Investment; and
- (ii) such amount to be paid by Anyang Jiutian for (A) the use of the Synthetic Ammonia Project Land and (B) the lease of the Urea Production Facility,

(collectively, the "**Investment Amount**").

##### **(b) Value of the Synthetic Ammonia Project Land and the Urea Production Facility**

As at the date of this announcement, given that only the Framework Agreement setting out the broad principal terms of the Proposed Investment has been entered into, valuations of the Synthetic Ammonia Project Land and the Urea Production Facility (if necessary) have yet to be completed. The Company intends to engage an independent professional valuer (if necessary) to carry out valuations of the Synthetic Ammonia Project Land and the Urea Production Facility and an announcement will be made in relation to such valuations once they are available. Such details will also be set out in the Circular.

##### **(c) Other Salient Terms**

###### **Obligations of the Parties**

Pursuant to the Framework Agreement:

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<sup>5</sup> Based on the exchange rate of RMB1:S\$0.1856 extracted from Bloomberg L.P. as at 11 January 2024.

<sup>6</sup> See footnote 5 above.

- (i) Anhua shall, *inter alia*:
  - a. lease the Urea Production Facility to Anyang Jiutian, subject to the Conditions Precedent (as defined below) being met and Parties' entry into the definitive lease agreement (the "**Urea Lease Agreement**");
  - b. after Anyang Jiutian has reimbursed Anhua the Reimbursement Amount, and leases the Urea Production Facility and receives the right to construct the Synthetic Ammonia Production Facility and implement the Synthetic Ammonia Project, provide Anyang Jiutian with the use of the intellectual property rights in relation to the construction, production, and operation of the Synthetic Ammonia Project and the Urea Production Facility at no cost as well as the use of the "豫珠" trademark for the marketing and sales of urea and associated products, during the term of the Parties' cooperation contemplated under the Framework Agreement, subject to the entry into a separate trademark licensing agreement between the Parties (the "**Trademark Licensing Agreement**"); and
  - c. work with Anyang Jiutian on the regulatory approvals required for the right to use of the Synthetic Ammonia Project Land, including but not limited to, the issuance of official documents by the competent land authorities or the Anyang Municipal Government approving Anyang Jiutian's use of the land for the construction of the Synthetic Ammonia Production Facility, or confirming the legality of Anyang Jiutian's use of the land for the construction of the Synthetic Ammonia Production Facility; and
- (ii) Anyang Jiutian shall, *inter alia*:
  - a. continue to conduct and complete commercial, legal and financial due diligence on the lease of the Urea Production Facility and the undertaking the Synthetic Ammonia Project;
  - b. reimburse the Reimbursement Amount to Anhua for the costs incurred by Anhua in relation to the Synthetic Ammonia Project, which includes expenses incurred for the project research, project technical work, survey and design, part of the construction and installation work, and governmental formalities etc. rendered in connection with the Synthetic Ammonia Project. The preliminary work done in relation to the Synthetic Ammonia Project and Reimbursement Amount shall be verified by the Parties after the signing of the Framework Agreement. Anhua shall coordinate with the relevant third parties to seek their written consent to the change in the entity undertaking the Synthetic Ammonia Project from Anhua to Anyang Jiutian. Such Reimbursement Amount are preliminary costs which were incurred for the purposes of the Synthetic Ammonia Project and which Anyang Jiutian would otherwise have had to bear; and
  - c. cooperate with Anhua for the novation of certain contracts entered into by Anhua in relation to the Synthetic Ammonia Project.
- (iii) Following from the above, the Parties contemplate that the definitive documentation to implement the transactions and arrangements envisaged under the Framework Agreement comprise the following:

- a. an agreement to transfer the right to construct and implement the Synthetic Ammonia Project from Anhua to Anyang Jiutian, which will provide *inter alia*, that the right to construct and implement the Synthetic Ammonia Production Facility will be transferred to or otherwise undertaken by Anyang Jiutian and that Anyang Jiutian will reimburse the Reimbursement Amount to Anhua for preliminary work conducted in relation to the Synthetic Ammonia Project;
  - b. agreement or arrangement in relation to the use by Anyang Jiutian of the Synthetic Ammonia Project Land (the "**Synthetic Ammonia Project Land Arrangement**");
  - c. the Urea Lease Agreement; and
  - d. the Trademark Licensing Agreement, and
  - e. any other transaction documents that are necessary,
- (collectively, the "**Definitive Agreements**").

None of the Definitive Agreements have been finalised as at the date of this announcement. Upon entry into the Definitive Agreements, the Company will make an announcement(s) detailing the key terms thereof. Details of the Definitive Agreements will also be set out in the Circular.

#### **Conditions precedent**

The cooperation envisaged under the Framework Agreement is conditional upon, *inter alia*, the following conditions having been fulfilled and/or waived:

- (i) Anyang Jiutian having acknowledged the results of the due diligence exercise conducted, and there are no legal impediments that would materially affect the transactions contemplated thereunder;
- (ii) Anhua being the legal and beneficial owner of the Urea Production Facility, and is entitled to lease it to Anyang Jiutian. There are no encumbrances, third party rights, prohibition or restriction under laws and regulations, governmental orders, court judgements or rulings etc. which would affect the long-term lease of the Urea Production Facility;
- (iii) Anhua having completed and/or obtained all internal and external requisite approvals, fillings, permits and registrations for the cooperation with Anyang Jiutian contemplated under the Framework Agreement, including corporate and regulatory approvals wherever applicable, and such approvals have not been revoked;
- (iv) Anyang Jiutian having completed and/or obtained all internal and external requisite approvals, fillings, permits and registrations in relation to the Synthetic Ammonia Project and the lease of the Urea Production Facility, including but not limited to the approval of the shareholders and board of directors of Anyang Jiutian, as well as the approvals of the Shareholders, Board and the SGX-ST etc. wherever applicable, and such approvals have not been revoked;

- (v) Anyang Jiutian having obtained all registrations, filings, approvals, permits etc. required for the Synthetic Ammonia Project to be legally carried out and such approvals have not been revoked;
- (vi) Anyang Jiutian having entered into loan contracts with financial institution(s) for loan financing required for the Synthetic Ammonia Project, and Anhua shall handle the coordination work in respect of such loan financing;
- (vii) Anhua assisting Anyang Jiutian in all the steps and applications required to obtain the relevant approvals or confirmations from the relevant authorities for Anyang Jiutian to use the Synthetic Ammonia Project Land in accordance with applicable laws and regulations, and Anyang Jiutian having obtained such approvals and confirmations;
- (viii) Anhua and Anyang Jiutian having entered into the definitive documentation in relation to the Proposed Investment; and
- (ix) The Parties may legally and formally commence their cooperation, which involves the concurrent (A) lease of the Urea Production Facility by Anyang Jiutian from Anhua and (B) Anyang Jiutian undertaking the Synthetic Ammonia Project, and if the co-operation in respect of either (A) or (B) cannot be legally and formally commenced, it shall be deemed that this condition precedent is not fulfilled,

(collectively, the "**Conditions Precedent**").

### **Long-stop date and termination**

Unless the Conditions Precedent are expressly waived in whole or in part by the relevant Party in writing, if any of the Conditions Precedent are not satisfied on or before the deadline of 30 June 2024 (or such subsequent date as the Parties may agree in writing) (the "**Long-Stop Date**"), the Framework Agreement and the Parties' respective obligations thereunder shall terminate.

### **Exclusivity**

Anhua undertakes to work exclusively with Anyang Jiutian in respect of the transactions contemplated under the Framework Agreement and will not engage in discussions or negotiations with third parties (the "**Exclusivity Arrangement**"). The Exclusivity Arrangement shall terminate should the Parties decide not to proceed with such transactions, or if the Conditions Precedent are not fulfilled by the Long-Stop Date.

## **3.2 Source of funds**

The Investment Amount as well as the estimated professional and other fees and expenses incurred or to be incurred in connection with the Proposed Investment will be funded using a combination of internal funds and/or bank borrowings, where approximately RMB480 million of the Investment Amount will be financed by internal funds of the Group and approximately RMB1.12 billion of the Investment Amount will be financed by loan financing.

Pursuant to the Framework Agreement, Anhua shall cooperate with Anyang Jiutian in the application for the loan financing, and prior to the implementation of the Synthetic Ammonia Project, Anyang Jiutian shall have executed the relevant documentation in connection with the loan financing after it has obtained the relevant approvals from the Board and Shareholders.



Shareholders should note that the effect of the foregoing is that notwithstanding the receipt of Shareholders' approval for the Proposed Investment, the implementation of the Synthetic Ammonia Project cannot be proceeded with, if the required loan financing for the Synthetic Ammonia Project is not agreed upon with the relevant financial institution(s) and the relevant documentation in connection therewith is not executed.

### 3.3 The Proposed Investment as interested person transactions

#### (a) Details of the interested person and entity at risk

As at the date of this announcement, Anhua is a controlling shareholder of the Company with a deemed interest in 502,429,900 shares of the Company, representing approximately 25.27% of the Company's total issued and paid-up share capital. Anhua holds 100% of the issued share capital of Anyang Longyu (HK) Development Co., Ltd ("**Anyang Longyu**"). Anhua Longyu in turn holds 502,429,900 shares of the Company (the "**Anyang Longyu Shares**") through its nominee, Philip Securities Pte. Ltd. By virtue of section 4 of the Securities and Futures Act 2001 of Singapore, Anhua is therefore deemed to have an interest in the Anyang Longyu Shares. Accordingly, Anhua is an interested person of the Company as defined under Chapter 9 of the Listing Manual Section B: Rules of Catalyst of the SGX-ST (the "**Catalist Rules**").

Anyang Jiutian is a wholly owned subsidiary of the Company. Accordingly, it is an entity at risk within the meaning of Chapter 9 of the Catalyst Rules.

#### (b) The Proposed Investment as interested person transactions

As described in paragraph 3.1(a) above, the Proposed Investment involves the following transactions, being interested person transactions:

- (i) payment of the Reimbursement Amount by Anyang Jiutian to Anhua for reimbursement of the costs that it had incurred in relation to the preliminary work done in relation to the Synthetic Ammonia Project; and
- (ii) payment by Anyang Jiutian to Anhua for the use of the Synthetic Ammonia Project Land (if applicable), in the event that the Synthetic Ammonia Project Land Arrangement is entered into between Anyang Jiutian and Anhua, and lease of the Urea Production Facility from Anhua to Anyang Jiutian,

(collectively, the "**Proposed IPTs**").

For the avoidance of doubt, if the Synthetic Ammonia Project Land Arrangement is entered into directly between Anyang Jiutian and the relevant governmental authority instead of Anhua, the Synthetic Ammonia Project Land Arrangement will not constitute an interested person transaction.

Save for the Proposed IPTs, during the period from 1 January 2024 to the date of this announcement:

- (i) there are no other interested person transactions entered into by the Group with Anhua and its associates; and
- (ii) there are no other interested person transactions entered into by the Group and other interested persons.

**(c) Total value of the Proposed IPTs**

The value of the Proposed IPTs is approximately:

- (i) the Reimbursement Amount of RMB20 million to be paid by Anyang Jiutian to Anhua, which represents approximately 1.64% of the Group's latest audited net tangible assets ("**NTA**") of approximately RMB1.22 billion as at 31 December 2022; and
- (ii) the amount to be paid by Anyang Jiutian to Anhua under the Synthetic Ammonia Project Land Arrangement (where applicable) and the Urea Lease Agreement (the "**Relevant Payments**").

For completeness, as referred to in paragraph 3.1(c)(iii), the Definitive Agreements have yet to be entered into. Notwithstanding this, the Company intends to convene an EGM to seek approval from Shareholders for the Proposed Investment as interested person transactions, on the basis that the aggregate value of the Proposed Investment would be equal to or be more than 5% of the Company's latest audited consolidated NTA as at 31 December 2022, which, pursuant to Rule 906(1)(a) of the Catalist Rules, the Company is required to obtain Shareholders' approval for an interested person transaction of a value equal to, or more than 5% of the Company's latest audited consolidated NTA.

**(d) Audit committee's statement in respect of the Proposed Investment as interested person transactions**

All members of the audit committee of the Board ("**Audit Committee**") will be obtaining an opinion from an independent financial adviser ("**IFA**") before forming its view as to whether the Proposed Investment is on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. The Audit Committee's view of the Proposed Investment will be set out in the Circular to be despatched to Shareholders in due course.

**3.4 Financial Effects of the Proposed Investment**

The proforma financial effects of the Proposed Investment on the NTA attributable to the owners of the Company per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on the audited financial results of the Group for the financial year ended 31 December 2022 ("**FY2022**"). The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Investment. As the Definitive Agreements have not been executed by the Parties as at the date of this announcement, the Company will make an announcement detailing the updated financial effects of the Proposed Investment, taking into account the Relevant Payments pursuant to the Relevant Lease Arrangements and fees associated with the Trademark Licensing Agreement if any, upon the Parties' entry into the respective agreements.

**(a) Effect on NTA per share**

For illustrative purposes only, the proforma financial effects of the Proposed Investment on the Group's NTA per share, assuming that the Proposed Investment had been completed on 31 December 2022, being the end of the most recently completed financial year whose results have been announced, are set out below:

	Before the Proposed Investment	After the Proposed Investment
NTA (RMB'000)	1,220,000	1,220,000
Number of issued shares (excluding treasury shares) ('000)	1,988,444	1,988,444
NTA per share (RMB cents)	61.35	61.35

**(b) Effect on EPS**

For illustrative purposes only, the proforma financial effects of the Proposed Investment on the consolidated earnings of the Group, assuming that the Proposed Investment had been completed on 1 January 2022, being the beginning of the most recently completed financial year whose results have been announced, are set out below:

	Before the Proposed Investment	After the Proposed Investment
Net profit (RMB'000)	490,373	490,373
Weighted average number of shares ('000)	1,988,444	1,988,444
EPS (RMB cents)	24.66	24.66

**(c) Effect on gearing ratio**

For illustrative purposes only, the proforma financial effects of the Proposed Investment on the Group's gearing ratio, assuming that the Proposed Investment had been completed on 31 December 2022, being the end of the most recently completed financial year whose results have been announced, are set out below:

	Before the Proposed Investment	After the Proposed Investment
Gearing ratio (%) <sup>(1)</sup>	11	103

**(d) Effect on share capital of the Company**

The Proposed Investment will not have any effect on the issued and paid-up share capital of the Company.

**Note:**

(1) Gearing ratio represents the total borrowings divided by Shareholders' equity.

**3.5 Proposed Investment**

As elaborated above, the Proposed Investment is an investment by the Group into the New Business, pursuant to which the Group intends to construct the Synthetic Ammonia Production Facility and lease the Urea Production Facility. Accordingly, the Proposed Investment is not, and does not involve, an acquisition of assets or a disposal of assets nor the provision of financial assistance. In light of the foregoing, the Board is of the view that the Proposed Investment would not fall within the definition of "transaction" under Rule 1002 of the Catalist Rules. Considering the following factors such as maintaining good corporate governance, taking into account the size of the Proposed Investment, the impact on the Group's gearing as well as the Proposed IPTs comprised thereunder, the Proposed Investment shall be subject to

the receipt of requisite Shareholders' approval. In this connection, the Company intends to submit an application to the SGX-ST, to seek the concurrence of the SGX-ST of the Company's treatment of the Proposed Investment as a corporate action that does not constitute a "transaction" under Chapter 10 of the Catalist Rules and accordingly, the requirements of Chapter 10 of the Catalist Rules would not be applicable to the Proposed Investment. For the avoidance of doubt, the requirements of Chapter 9 of the Catalist Rules remain applicable to the Company and will be complied with, where applicable.

Solely for completeness and illustration purposes only, please refer to the table below for the relative figures in relation to the Proposed Investment computed on the applicable bases set out in Rule 1006 of the Catalist Rules and are based on the latest announced consolidated accounts of the Group, being the unaudited financial statements for the half year ended 30 June 2023 ("**HY2023**"). Please note that such illustrations do not take into account the potential impact if any, of the matters described under the Definitive Agreements as none of the Definitive Agreements have been entered into as at the date of this announcement, save that the illustrations below take into account the Reimbursement Amount. The Company will make an announcement upon the entry into of the Definitive Agreements, along with, *inter alia*, updated relative figures computed on the applicable bases set out in Rule 1006 of the Catalist Rules, in respect of the Proposed Investment.

<b>Catalist Rule</b>	<b>Bases of computation</b>	<b>Relative figures (%)</b>
Rule 1006(a)	The net asset value (" <b>NAV</b> ") of the assets to be disposed of, compared with the Group's NAV.	Not applicable <sup>(1)</sup>
Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable <sup>(2)</sup>
Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	573 <sup>(3)</sup>
Rule 1006(d)	The number of equity securities issued by the Company as consideration for the Proposed Investment, compared with the number of equity securities previously in issue	Not applicable <sup>(4)</sup>
Rule 1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>

**Notes:**

- (1) This basis is not applicable to the Proposed Investment as there are no assets to be disposed of.
- (2) This figure is not applicable as the Synthetic Ammonia Production Facility and the Urea Production Facility have not generated any profit or loss in HY2023.
- (3) This figure is computed by comparing (i) RMB1.60 billion (or approximately S\$296.96 million<sup>7</sup>) of the Investment Amount against (ii) the market capitalisation of the Company of S\$51,699,544. Under Rule 1002(5) of the Catalist Rules, "market capitalisation" is determined by multiplying the number of shares in issue by the volume weighted average price of such shares transacted on 10 January 2024, being the last market day whereby the Company's shares were traded preceding the date of the Framework Agreement. An exchange rate of RMB1:S\$0.1856 extracted from Bloomberg L.P. as at 10 January 2024 was applied to the Investment Amount.
- (4) This basis is not applicable as there are no consideration shares to be issued by the Company as consideration for the Proposed Investment.
- (5) This basis is not applicable as the Company is not a mineral, oil and gas company.

**4. SERVICE CONTRACT**

No person will be appointed to the Board, and no service contract will be entered into by the Company, in connection with the Proposed Diversification or the Proposed Investment.

**5. ABSTENTION FROM VOTING AND/OR RECOMMENDATION TO THE BOARD AND THE SHAREHOLDERS IN RESPECT OF THE PROPOSED INVESTMENT**

Under Rule 919 of the Catalist Rules, an interested person and its associates must abstain from voting on the resolution approving the interested person transactions involving itself and its associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolution unless specific voting instructions had been given by the Shareholders.

Accordingly, Anhua and its associates will abstain from (a) deliberating and making any recommendation to the Board and the Shareholders in respect of the resolutions in connection with the Proposed Investment, and (b) voting on the Proposed Investment.

**6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save as disclosed herein, none of the Directors or controlling shareholders of the Company and/or their respective associates has any interest, direct or indirect, in the Proposed Investment other than through their respective shareholding interests in the Company (if any).

**7. INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED INVESTMENT**

Pursuant to Chapter 9 of the Catalist Rules, the Company will appoint an IFA to provide an opinion letter as to whether the Proposed Investment is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. An announcement will be made by the Company upon appointment of the IFA.

**8. EGM AND CIRCULAR TO SHAREHOLDERS**

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<sup>7</sup> Based on the exchange rate of RMB1:S\$0.1856 extracted from Bloomberg L.P. as at 11 January 2024.

The Company will be convening an EGM to seek Shareholders' approval for the Proposed Diversification and Proposed Investment, notice of which will be announced in due course. A circular containing, *inter alia*, further information on the Proposed Diversification and Proposed Investment will be despatched to shareholders in due course. The resolution relating to the Proposed Investment is conditional upon the approval of the Shareholders for the Proposed Diversification at the EGM. Accordingly, if the resolution relating to the Proposed Diversification is not approved, the resolution relating to the Proposed Investment will not be proceeded with. For the avoidance of doubt, the resolution relating to the Proposed Diversification is not conditional upon the approval of the Shareholders for the Proposed Investment.

**9. DOCUMENT FOR INSPECTION**

A copy of the Framework Agreement is available for inspection at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 during normal business hours for three (3) months from the date of this announcement.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Diversification and the Proposed Investment, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

**11. FURTHER UPDATES**

The Company will make the relevant update announcements in compliance with the Catalyst Rules to inform Shareholders of any updates or developments in due course, if any.

**12. CAUTIONARY STATEMENT**

Shareholders and potential investors of the Company should exercise caution when trading in the Company's shares. In particular, Shareholders and potential investors of the Company should note that, notwithstanding the receipt of requisite Shareholders' approvals for the Proposed Diversification and the Proposed Investment, as the Proposed Investment is subject to, *inter alia*, the fulfilment or waiver (as the case may be) of the Conditions Precedent, including Anyang Jiutian obtaining, amongst others, requisite approvals and the loan financing for the Proposed Investment, there is no certainty or assurance that the Proposed Investment or any business activities or transactions mentioned in this announcement will materialise or will be proceeded with. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other independent professional advisers.

**By Order of the Board of Directors**  
**JIUTIAN CHEMICAL GROUP LIMITED**

Han Lianguo  
Non-executive and Non-independent Chairman

13 January 2024

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*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 announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement. The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Collyer Quay Centre, Singapore 049318, [sponsorship@ppcf.com.sg](mailto:sponsorship@ppcf.com.sg).*