

JIUTIAN CHEMICAL GROUP LIMITED

(“Jiutian” or the “Company”)
(Company Registration No. 200415416H)
(Incorporated in the Republic of Singapore)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING

MINUTES of the Extraordinary General Meeting (“EGM” or the “Meeting”) of the Company held at Ballroom 1, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 20 March 2024 at 10:00 a.m.

PRESENT

Board of Directors

1. Mr. Xu Aijun – Non-Executive Non-Independent Chairman
2. Mr. Lee Chee Seng – Executive Director
3. Mr. Wu Yu Liang – Non-Executive and Lead Independent Director
4. Mr. Chan Kam Loon – Non-Executive and Independent Director
5. Mr. Gao Guoan – Non-Executive and Independent Director
6. Mr. Koh Eng Kheng Victor – Non-Executive and Independent Director
7. Mr. Song Fudong – Non-Executive and Non-Independent Director

IN ATTENDANCE

As set out in the attendance list maintained by the Company.

ABSENT WITH APOLOGIES

Board of Directors

1. Mr. Chen Mingjin – Non-Executive and Independent Director
 2. Mr. Wang Gang – Non-Executive and Non-Independent Director
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CHAIRMAN

It was noted that Mr. Lee Chee Seng (“Mr Lee”), the Executive Director of the Company, was requested by the Non-Executive and Non-Independent Chairman, Mr Xu Aijun to conduct this Meeting.

Mr. Lee (the “Chairman”) welcomed all the shareholders to the EGM of the Company.

Mr. Lee introduced all the Directors and Management of the Company as well as the sponsors, independent financial adviser, legal adviser, company secretary, share registrar, poll counting agent and independent scrutineer present to the shareholders.

QUORUM

As a quorum was present, the Chairman declared the Meeting open at 10.00 a.m.

The Secretary confirmed that a quorum was present. The Chairman then called the Meeting to order at 10:07 a.m.

NOTICE

The Notice convening the Meeting dated 5 March 2024, having been circulated to shareholders for the requisite statutory period was, with the concurrence of the shareholders, taken as read.

POLL VOTING PROCEDURES

As the Chairman of the Meeting, Mr. Lee highlighted to the shareholders that all the proposed resolutions at this Meeting were conducted by way of a poll. Tricor Singapore Pte. Ltd. had been appointed as the Poll Counting Agent and Entrust Advisory Pte. Ltd. had been appointed as the Independent Scrutineers to count and verify the votes taken at the Meeting.

In order to facilitate the conduct of the Meeting, the poll had been conducted after all the proposed resolutions at this Meeting had been proposed and seconded.

The Chairman then invited the shareholders to raise any question that they might have. The summary of questions raised by shareholders and the replies provided by the Board of Directors are recorded in Appendix A.

The Chairman proceeded with the agenda of the Meeting.

The motions were then duly proposed by the Chairman and seconded by the respective shareholders. An explanation on the procedures for completion of the polling slips was given at the Meeting. Voting by poll on all resolutions proposed in this Meeting were taken.

After the poll voting slips were handed over to the Poll Counting Agent, the Meeting was adjourned while the Poll Counting Agent counted the votes at 11.11 a.m.

The Meeting was resumed at 11.34 a.m., the Chairman received the duly verified poll results from the Scrutineers and presented to the shareholders the results of the poll as follows:-

RESULTS OF THE POLL

ORDINARY RESOLUTIONS:

		<u>No. of Shares</u>	<u>Percentage</u>
RESOLUTION 1	FOR	668,006,699	99.9444 %
	AGAINST	371,300	0.0556%
	TOTAL NO. OF VALID VOTES	<u>668,377,999</u>	<u>100.00%</u>
RESOLUTION 2	FOR	165,576,799	99.7763%
	AGAINST	371,300	0.2237%
	TOTAL NO. OF VALID VOTES	<u>165,948,099</u>	<u>100.00%</u>
RESOLUTION 3	FOR	165,576,799	99.7763%
	AGAINST	371,300	0.2237%
	TOTAL NO. OF VALID VOTES	<u>165,948,099</u>	<u>100.00%</u>

Based on the results of the poll, the Chairman declared that the following ordinary resolutions were carried by majority votes:-

ORDINARY BUSINESS:

ORDINARY RESOLUTION 1

- THE PROPOSED DIVERSIFICATION INTO THE NEW BUSINESS

RESOLVED THAT:

- (a) Approval be and is hereby granted for the proposed diversification of the business activities of the Company and its subsidiaries into the following businesses, as and when appropriate opportunities arise (the "Proposed Diversification"):
- (i) the manufacture, production and/or sale of synthetic ammonia and/or urea; and
 - (ii) the investment, purchase, lease 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,
- (the "New Business"),
- (b) the Company be authorised to invest in, purchase, lease or otherwise acquire or dispose of, from time to time any such assets, investments and shares/interests in any entity that is in the New Business on such terms and conditions as the Directors deem fit, and such Directors be authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to any such investment, purchase, lease, acquisition or disposal;
- (c) the Directors of the Company and each of them be and are/is hereby authorised to perform, complete and do all such acts and things (including approving, amending, modifying, supplementing and executing all such documents and ancillary agreements and making all such amendments thereto as may be required in connection with the Proposed Diversification) as they and/or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed Diversification; and
- (d) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by a Director in connection with the Proposed Diversification and this Resolution be and are hereby approved, confirmed and ratified.

ORDINARY RESOLUTION 2

- THE PROPOSED INVESTMENT

RESOLVED THAT:

Subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 3:

- (a) the Proposed Investment be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed Investment;
- (b) the Directors of the Company and each of them be and are/is hereby authorised to perform, complete and do all such acts and things (including approving, amending, modifying, supplementing and executing all such documents and ancillary agreements and making all such amendments thereto as may be required in connection with the Proposed Investment) as they and/or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed Investment; and
- (c) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any one Director in connection with the Proposed Investment and this Resolution be and are hereby approved, confirmed and ratified.

ORDINARY RESOLUTION 3

- THE PROPOSED INTERESTED PERSON TRANSACTIONS (“IPTs”)

RESOLVED THAT:

Subject to and contingent upon the passing of Ordinary Resolution 1 and Ordinary Resolution 2:

- (i) the Proposed IPTs be and are hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed IPTs;
- (ii) the Directors of the Company and each of them be and are/is hereby authorised to perform, complete and do all such acts and things (including approving, amending, modifying, supplementing and executing all such documents and ancillary agreements and making all such amendments thereto as may be required in connection with the Proposed IPTs) as they and/or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to the Proposed IPTs; and
- (iii) any acts, matters and things done or performed, and/or documents signed, executed, sealed and/or delivered by any one Director in connection with the Proposed IPTs and this Resolution be and are hereby approved, confirmed and ratified.

ANY OTHER BUSINESS

It was noted that the Company Secretary did not receive any notice of any other ordinary business for the Meeting.

CONCLUSION

There being no other business to transact, the Chairman declared the EGM of the Company closed at 11.36 a.m. and thanked everyone for their attendance.

Confirmed as True Record of Proceedings Held

LEE CHEE SENG

Chairman of the Meeting

JIUTIAN CHEMICAL GROUP LIMITED

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EXTRAORDINARY GENERAL MEETING HELD ON 20 MARCH 2024

SUMMARY OF QUESTIONS AND ANSWERS

Below is the summary of questions raised by shareholders during the EGM and the replies provided by the Non-Executive and Non-Independent Chairman – Mr. Xu Aijun ("Mr. Xu") Executive Director – Mr. Lee Chee Seng ("Mr. Lee") and the Independent Directors.

Questions on Ordinary Resolution 1 – The Proposed Diversification into the New Business

1. Please provide more information with regard to the rationale for the Proposed Diversification and Proposed Investment?

Mr. Xu and Mr. Lee:

The Group's financial performance continues to be affected by the significant downward correction of product prices across all main products of the Group, namely Dimethylformamide ("DMF") and Methylamine. This arises from the twin impact of industry wide softening of demand due to slower than expected post-Covid 19 pandemic economic recovery in China, and significant new production capacity added by the Group's new main competitors.

To stay competitive in the market, the Group should embark on the synthetic ammonia project to become a more fully integrated producer of DMF and Methylamine and go into the production of urea for wider product offering and a more diversified earning base. Synthetic ammonia is a key raw material used in the manufacturing and production of DMF and urea. As such, 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.

In addition, 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 presents future business opportunities. It will also be complementary to the Group's existing business and allows us to reduce the Group's reliance on third parties for its supply of synthetic ammonia and maintain a greater degree of control over the cost and quality of the products produced.

It is expected to contribute positively to the Group's new revenue and earning streams, and in turn provide better long-term growth prospects and enhance shareholder value. Through this diversification, the Group will not only be able to better control prices of the Group's raw materials, but also sell any excess synthetic ammonia manufactured that it does not require for the Group's own manufacturing processes. This will have effect of elevating the Group's synergy and growth prospects, while mitigating the risks for raw materials price fluctuations which can lead to increased production costs, eroding profit margins.

2. What is the prospect for the production of synthetic ammonia and urea?

Mr. Lee:

Based on the feasibility study report by Frost & Sullivan, it is highlighted that China's position as a global leader in synthetic ammonia production is largely influenced by its high agricultural demand which constitutes the primary catalyst for ammonia consumption.

Within the agriculture sector, ammonia plays a pivotal role in producing urea, which is directly utilised as fertiliser or employed in the creation of compound fertilisers. Aside from the agricultural sector, China's rapid growth in the industrial sector has also fuelled demand for synthetic ammonia. As such, it allows the Group to tap and harness such growing demand in various sectors, including the agricultural and industrial sectors by undertaking the New Business.

3. What is the source of financial support for the Proposed Investment into the New Business?

Mr. Lee:

As disclosed in the Circular dated 5 March 2024, the amount of the Proposed Investment will be funded using a combination of internal funds and/or bank borrowings, where at least RMB1.2 billion (or approximately S\$ 224.04 million) will be supported by loan financing.

With regard to the loan financing, Anyang Chemical Industry Group Co., Ltd. (“Anhua”) shall cooperate with Anyang Jiutian Fine Chemical Co., Ltd. (“Anyang Jiutian”) in the application for the loan financing, and prior to the actual implementation of the synthetic ammonia project, Anyang Jiutian shall agree with the relevant financial institutions on a financing proposal that fulfils the funding requirements for the synthetic ammonia project and execute the relevant documentation in connection with the loan financing.

In this regard, Anyang Jiutian has reached out to certain banks to enquire about their interest in extending the loan financing required for the synthetic ammonia project and has received letters of intent and cooperation agreement from four (4) banks in the PRC, indicating inter alia, their intent to provide, up to an aggregate of RMB1.9 billion (or approximately S\$354.73 million).

Shareholders should note that the implementation of the synthetic ammonia project will not proceed, if the required loan financing for the synthetic ammonia project is not first agreed upon with the relevant financial institution(s) and the relevant documentation in connection therewith is not executed.

4. How does the Company manage competition in the market?

Mr. Lee:

Through this diversification, it will 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. Furthermore, producing the synthetic ammonia in-house will allow the Group to have greater control over the quality of the products produced as the production process will be directly undertaken by the Group.

5. Please update on the progress status of the construction of the new 100,000-tonne methylamine plant.

Mr. Xu:

The Group’s expansion plan of the new 100,000-tonne Methylamine plant adjacent to the current 120,000-tonne Methylamine/DMF facility has been substantially completed and will be ready for testing and commissioning in 2Q2024.

6. The investment of the New Business will move the Group from a net cash position to a net debts position, what are the risk considerations that management have thought about, especially since the Group’s financial performance continues to be affected by low demand of our existing products?

Mr. Lee:

As a condition precedent for the New Business, the implementation of the Synthetic Ammonia Project cannot proceed if the required long-term loan financing of at least RMB1.2 billion for the Synthetic Ammonia Project is not agreed upon with the relevant financial institutions and the relevant documentation in connection therewith is not executed.

We have also considered the ability of the Group to service the resultant debt. Based on Frost & Sullivan’s feasibility study report which contains detailed cashflow projections, we believed that the project is able to generate sufficient cash flow to service the debt.

7. Would like to request the Independent Directors to share their opinions with regard to the Proposed Diversification and Proposed Investment?

Independent Directors:

The Board has carefully considered the rationale, information and all other relevant facts as well as the risk factors relating to the Proposed Diversification. We have also commissioned an independent feasibility study by Frost & Sullivan to evaluate the merits and risks of the New Business. After months of careful due diligence effort, the Board believes that undertaking the New Business is in the best interests of the Group and Shareholders. 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. This 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.

The Group also engaged independent external consultants and professional advisers for their input and assessment relating to the Proposed Diversification before making any recommendation to proceed with the Proposed Diversification.

8. What is the business prospects outlook for the existing products of the Group?

Mr. Lee:

We expect low product prices for the Group's existing main products to continue in FY2024 and will adjust the Group's production volume so as to minimise the losses arising from low product prices.