CIRCULAR DATED 5 MARCH 2024

THIS CIRCULAR ("CIRCULAR") IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT IN RELATION TO THIS CIRCULAR OR AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

This Circular is issued by Jiutian Chemical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**"). Unless otherwise stated, capitalised terms appearing on the cover of this Circular have the same meanings as defined herein.

If you have sold or transferred all your shares in the capital of the Company, you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular, together with the Notice of EGM, the accompanying Proxy Form and Request Form (all as defined herein), may be accessed on the website of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") at https://www.sgx.com/securities/company-announcements. A printed copy of this Circular will NOT be despatched to Shareholders as the Company's constitution provides for the use of electronic communications pursuant to the Catalist Rules (as defined herein). Accordingly, only hardcopies of the Notice of EGM, Proxy Form and Request Form will be sent to Shareholders. Shareholders who wish to obtain a printed copy of the Circular should complete the Request Form and return it to the Company by post to the business office of the Company at 350 Orchard Road, #21-03 Shaw House, Singapore 238868 or via email to nghankiat@jiutianchemical.com, no later than 13 March 2024.

Your attention is drawn to Section 13 of this Circular in respect of actions to be taken if you wish to attend and vote at the EGM.

This Circular has been prepared by the Company and its contents have been reviewed by the Sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Catalist Rules. This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

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.

九天化工集团有限公司

JIUTIAN CHEMICAL GROUP LIMITED

(the "**Company**")
(Company Registration No.: 200415416H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED DIVERSIFICATION OF BUSINESS INTO THE NEW BUSINESS;

(2) THE PROPOSED INVESTMENT INTO THE SYNTHETIC AMMONIA PROJECT AND LEASE OF UREA PRODUCTION FACILITY; AND

(3) THE (I) PAYMENT OF THE AGREED REIMBURSEMENT AMOUNT TO ANYANG CHEMICAL INDUSTRY GROUP CO., LTD. AND THE (II) LEASE OF UREA PRODUCTION FACILITY FROM ANYANG CHEMICAL INDUSTRY GROUP CO., LTD., WHICH CONSTITUTE INTERESTED PERSON TRANSACTIONS UNDER THE PROPOSED INVESTMENT

Independent Financial Adviser in relation to the Proposed Interested Person Transactions

ZICO capital

ZICO CAPITAL PTE. LTD.
(Company Registration No.: 201613589E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	17 March 2024 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	20 March 2024 at 10.00 a.m.
Place of Extraordinary General Meeting	:	Ballroom 1, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879

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In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

"**13 January Announcement**"	:	The announcement made by the Company on 13 January 2024 in relation to, *inter alia*, the Proposed Diversification and the Proposed Investment
"**Adjusted Rental Fee**"	:	Has the meaning ascribed to it in Section 3.4(c) of this Circular
"**Aggregated Transactions**"	:	Has the meaning ascribed to it in Section 2.7 of this Circular
"**Agreed Reimbursement Amount**"	:	Has the meaning ascribed to it in Section 3.2(b)(i) of this Circular
"**Agreed Rental Fee**"	:	Has the meaning ascribed to it in Section 3.4(c) of this Circular
"**Anhua**"	:	Anyang Chemical Industry Group Co., Ltd. (安阳化学工业集团有限责任公司)
"**Anyang Jiutian**"	:	Anyang Jiutian Fine Chemical Co., Ltd. (安阳九天精细化工有限责任公司)
"**Anyang Longyu**"	:	Has the meaning ascribed to it in Section 4.1 of this Circular
"**Anyang Longyu Shares**"	:	Has the meaning ascribed to it in Section 4.1 of this Circular
"**Audit Committee**"	:	Audit committee of the Board
"**Board**"	:	The board of directors of the Company for the time being
"**Catalist**"	:	The Catalist board of the SGX-ST
"**Catalist Rules**"	:	Listing Manual Section B: Rules of Catalist of the SGX-ST, as amended, modified or supplemented from time to time
"**CDP**"	:	The Central Depository (Pte) Limited
"**China Huanqiu**"	:	China Huanqiu Contracting & Engineering (Beijing) Co., Ltd. (中国寰球工程有限公司北京分公司)
"**Circular**"	:	This circular to Shareholders dated 5 March 2024 in relation to, *inter alia*, the Proposed Diversification, the Proposed Investment and the Proposed IPTs
"**Companies Act**"	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"**Company**"	:	Jiutian Chemical Group Limited
"**CPF**"	:	Central Provident Fund
"**CPF Agent Bank**"	:	Any agent bank appointed by an investor to maintain such investor's CPF investment account
"**Cut-Off Time**"	:	Has the meaning ascribed to it in Section 13.2 of this Circular
"**Definitive Agreements**"	:	Has the meaning ascribed to it in Section 3.1(d)(iii) of this Circular

"**Directors**"	:	The directors of the Company for the time being
"**DMF**"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"**EGM**"	:	The extraordinary general meeting of the Company to be held on 20 March 2024, notice of which is set out on pages N-1 to N-4 of this Circular
"**Exclusivity Arrangement**"	:	Has the meaning ascribed to it in Section 3.1 of this Circular
"**Existing Business**"	:	Has the meaning ascribed to it in Section 2.1 of this Circular
"**First Major Transaction**"	:	Has the meaning ascribed to it in Section 2.7 of this Circular
"**Framework Agreement**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Framework Agreement Conditions Precedent**"	:	Has the meaning ascribed to it in Section 3.1(d) of this Circular
"**FY**"	:	Financial year ended or ending 31 December
"**FY2022**"	:	Financial year ended 31 December 2022
"**FY2023**"	:	Financial year ended 31 December 2023
"**FY2024**"	:	Financial year ending 31 December 2024
"**Group**"	:	The Company and its subsidiaries
"**HNEC**"	:	Henan Energy and Chemical Industry Group Co., Ltd.
"**IFA**" or "**Independent Financial Adviser**"	:	ZICO Capital Pte. Ltd., the independent financial adviser in relation to the Proposed IPTs
"**IFA Letter**"	:	The letter dated 5 March 2024 issued by the IFA containing the advice of the IFA in relation to the Proposed IPTs in connection with the Proposed Investment, a copy of which is set out in **Appendix A** to this Circular
"**Independent Valuation Summary Letter**"	:	The independent valuation summary letter dated 5 March 2024 prepared by the Independent Valuer in relation to the valuation of the Urea Production Facility, a copy of which is set out in **Appendix B** to this Circular
"**Independent Valuer**"	:	Tianyuan Assets Appraisal Co., Ltd. (天源资产评估有限公司), the independent valuer appointed by the Company
"**Investment Amount**"	:	Has the meaning ascribed to it in Section 3.1(a) of this Circular
"**Latest Practicable Date**"	:	27 February 2024, being the latest practicable date prior to the despatch of this Circular
"**Lease Agreement Conditions Precedent**"	:	Has the meaning ascribed to it in Section 3.4(g) of this Circular
"**Lease Term**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular

"**Letter to SGX**"	:	Has the meaning ascribed to it in Section 4.6 of this Circular
"**Licence**"	:	Has the meaning ascribed to it in Section 3.5(a) of this Circular
"**Licence Term**"	:	Has the meaning ascribed to it in Section 3.5(a) of this Circular
"**Licensed Trademarks**"	:	Has the meaning ascribed to it in Section 3.5(a) of this Circular
"**Long-Stop Date**"	:	Has the meaning ascribed to it in Section 3.1(d) of this Circular
"**LPS**"	:	Loss per Share
"**NAV**"	:	Net asset value, being total assets less the sum of total liabilities and non-controlling interests
"**New Business**"	:	(a) the manufacture, production and/or sale of synthetic ammonia and/or urea; and (b) 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
"**Non-Interested Directors**"	:	The Directors of the Company who are non-conflicted for the purposes of the Proposed Investment and Proposed IPTs, comprising Mr. Lee Chee Seng, Mr. Wu Yu Liang, Mr. Chan Kam Loon, Mr. Gao Guoan, Mr. Chen Mingjin and Mr. Koh Eng Kheng Victor
"**Notice of EGM**"	:	The notice of EGM set out on pages N-1 to N-4 of this Circular
"**NTA**"	:	Net tangible assets, being total assets less the sum of total liabilities, non-controlling interests and intangible assets
"**Ordinary Resolution 1**"	:	Has the meaning ascribed to it in Section 1.3 of this Circular
"**Ordinary Resolution 2**"	:	Has the meaning ascribed to it in Section 1.3 of this Circular
"**Ordinary Resolution 3**"	:	Has the meaning ascribed to it in Section 1.3 of this Circular
"**Party**" or "**Parties**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**PRC**"	:	People's Republic of China
"**Preliminary Work**"	:	Has the meaning ascribed to it in Section 3.1(a)(i) of this Circular
"**Preliminary Work Costs**"	:	Has the meaning ascribed to it in Section 3.1(a)(i) of this Circular
"**Proposed Diversification**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Proposed Investment**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Proposed IPTs**"	:	Has the meaning ascribed to it in Section 4.2 of this Circular

"**Proposed Transactions**"	:	The Proposed Diversification, Proposed Investment and Proposed IPTs
"**Proxy Form**"	:	The proxy form in respect of the EGM as set out in this Circular
"**Request Form**"	:	The request form for Shareholders to request for a physical copy of this Circular
"**Resolutions**"	:	Has the meaning ascribed to it in Section 1.3 of the circular
"**SFA**"	:	Securities and Futures Act 2001 of Singapore
"**SGXNET**"	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**SGX-ST**"	:	The Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Means: (a) where the Depository is named in the register of members of the Company as the holder of Shares, a Depositor in respect of the number of Shares standing to the credit of his name in the Depository Register; and (b) in any other case, a person whose name appears on the register of members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law
"**Shares**"	:	Ordinary shares in the capital of the Company, and each, a "**Share**"
"**SRS**"	:	Supplementary Retirement Scheme
"**Substantial Shareholder**"	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the Company
"**Synthetic Ammonia Production Facility**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Synthetic Ammonia Project**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Synthetic Ammonia Project Handover Date**"	:	Has the meaning ascribed to it in Section 3.2(b)(ii)
"**Synthetic Ammonia Project Land**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Synthetic Ammonia Project Land Arrangement**"	:	Has the meaning ascribed to it in Section 3.3 of this Circular
"**Synthetic Ammonia Project Transfer Agreement**"	:	Has the meaning ascribed to it in Section 3.1(d)(iii) of this Circular

"**Total Value of the Proposed IPTs**"	:	Has the meaning ascribed to it in Section 4.3 of this Circular
"**Trademark Licensing Agreement**"	:	Has the meaning ascribed to it in Section 3.1(d) of this Circular
"**Transfer Agreement Conditions Precedent**"	:	Has the meaning ascribed to it in Section 3.2(c) of this Circular
"**Urea Facility Lease Agreement**"	:	Has the meaning ascribed to it in Section 3.1(d) of this Circular
"**Urea Production Facility**"	:	Has the meaning ascribed to it in Section 1.1 of this Circular
"**Urea Production Facility Handover Date**"	:	Has the meaning ascribed to it in Section 3.4(b) of this Circular
"**Valuation Report**"	:	The independent valuation report dated 5 March 2024 prepared by the Independent Valuer in relation to the valuation of the annual rental of intangible assets and fixed assets comprising the Urea Production Facility, which is available for inspection
"**Waiver**"	:	Has the meaning ascribed to it in Section 4.6 of this Circular
Currencies, Units and Others		
"**m^2**"	:	square metres
"**RMB**"	:	Renminbi, being the lawful currency of the PRC
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore
"**%**" or "**per cent.**"	:	Percentage or per centum

Unless the context otherwise requires:

The terms "**Depositor**", "**Depository**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA. The terms "**entity at risk**", "**associates**" and "**controlling shareholders**" shall have the meanings ascribed to them respectively in the Catalist Rules. The terms "**subsidiaries**" and "**related corporations**" shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*.

References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Catalist Rules, or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the Catalist Rules, or any statutory or regulatory modification thereof, as the case may be, unless the context otherwise requires.

Certain Chinese names and characters, such as those of entities, properties, cities, governmental and regulatory authorities, laws and regulations and notices, have been translated into English or from English names and characters, solely for your convenience, and such translations should not be construed as representations that the English names actually represent Chinese names and characters or that the Chinese names actually represent the English names and characters.

Any discrepancies in figures included in this Circular between the amounts shown and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Any reference to a time of day and date in this Circular is a reference to Singapore time and date, respectively, unless otherwise stated. Any reference to currency set out in this Circular is a reference to RMB unless otherwise stated.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rajah & Tann Singapore LLP has been appointed as the Singapore legal adviser to the Company in relation to the Proposed Transactions.

AllBright Law Offices has been appointed as the PRC legal adviser to the Company in relation to the Proposed Transactions.

Cautionary Note on Forward Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to, those using words such as "expect", "seek", "anticipate", "estimate", "believe", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements for any reasons, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

JIUTIAN CHEMICAL GROUP LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200415416H)

Board of Directors

Mr. Xu Aijun (Non-Executive and Non-Independent Chairman)
Mr. Lee Chee Seng (Executive Director)
Mr. Wu Yu Liang (Non-Executive and Lead Independent Director)
Mr. Chan Kam Loon (Non-Executive and Independent Director)
Mr. Gao Guoan (Non-Executive and Independent Director)
Mr. Song Fudong (Non-Executive and Non-Independent Director)
Mr. Wang Gang (Non-Executive and Non-Independent Director)
Mr. Chen Mingjin (Non-Executive and Independent Director)
Mr. Koh Eng Kheng Victor (Non-Executive and Independent Director)

Registered Office

9 Raffles Place #26-01
Republic Plaza
Singapore 048619

5 March 2024

To: The Shareholders of Jiutian Chemical Group Limited

Dear Sir/Madam,

(1) THE PROPOSED DIVERSIFICATION OF BUSINESS INTO THE NEW BUSINESS;

(2) THE PROPOSED INVESTMENT INTO THE SYNTHETIC AMMONIA PROJECT AND LEASE OF UREA PRODUCTION FACILITY; AND

(3) THE (I) PAYMENT OF THE AGREED REIMBURSEMENT AMOUNT TO ANYANG CHEMICAL INDUSTRY GROUP CO., LTD. AND THE (II) LEASE OF UREA PRODUCTION FACILITY FROM ANYANG CHEMICAL INDUSTRY GROUP CO., LTD., WHICH CONSTITUTE INTERESTED PERSON TRANSACTIONS UNDER THE PROPOSED INVESTMENT

1. INTRODUCTION

1.1 Background

On 13 January 2024, the Board announced that subject to the approval of the Shareholders to be sought at an extraordinary general meeting, the Company intends to diversify its business and expand its core business to include the following, as and when appropriate opportunities arise (the “**Proposed Diversification**”):

(a) the manufacture, production and/or 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**”).

In conjunction with the Proposed Diversification, the Company's wholly owned subsidiary, Anyang Jiutian, had on 11 January 2024, entered into a framework agreement (the "**Framework Agreement**") with Anhua (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 circular, in connection with, *inter alia*:

(i) **Synthetic Ammonia Project**: subject to available financing (see particularly Section 3.7 of this Circular), an investment to construct new production facilities to manufacture, produce and sell synthetic ammonia (the "**Synthetic Ammonia Production Facility**"), which involves the acquisition and lease of such land parcels comprising the land on which the Synthetic Ammonia Production Facility is intended to be constructed (the "**Synthetic Ammonia Project Land**", and the project, the "**Synthetic Ammonia Project**"); and

(ii) **Urea Production Facility**: the lease of, *inter alia*, the intangible assets and fixed assets comprising the existing production facility for the manufacturing and production of urea (inclusive of the equipment, buildings and land use rights in respect of the urea production facility) (the "**Urea Production Facility**") with a production capacity of 200,000 tonnes of urea per annum, from Anhua to Anyang Jiutian. The lease contemplates an initial lease term of 20 years ("**Lease Term**"), and upon the expiry of such initial Lease Term, Anyang Jiutian shall have the right to renew the lease for a further 20 years in priority to other parties on the same terms and conditions,

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

The Company has sought and obtained a Waiver from the SGX-ST from compliance with Rule 1015 of the Catalist Rules in respect of the Proposed Investment and for it to be treated as a "major transaction" under Rule 1014 of the Catalist Rules. For further information on the treatment of the Proposed Investment as a major transaction and the Waiver, refer to Section 4.6 of this Circular.

1.2 Interested person transactions

As set out in Section 4 of this Circular, the Proposed Investment involves the Proposed IPTs (as defined below). As the total value of the Proposed IPTs exceeds 5% of the Company's latest audited consolidated NTA as at 31 December 2022, the Proposed Investment is conditional upon the approval of Shareholders, with interested Shareholders abstaining from voting on Ordinary Resolution 2 and Ordinary Resolution 3 as stated in Section 6 of the Circular. The IFA has been appointed to advise the Non-Interested Directors in relation to the Proposed IPTs, and the IFA Letter is set out in **Appendix A** to this Circular.

1.3 Purpose of this Circular and conditionality of the resolutions

The purpose of this Circular is to provide Shareholders with relevant information in relation to the Proposed Diversification, the Proposed Investment and the Proposed IPTs and to seek the approval of Shareholders for the following proposals at the EGM:

(a) **Ordinary Resolution 1**: To approve the Proposed Diversification into the New Business ("**Ordinary Resolution 1**");

(b) **Ordinary Resolution 2**: To approve the Proposed Investment ("**Ordinary Resolution 2**"); and

(c) **Ordinary Resolution 3**: To approve the Proposed IPTs ("**Ordinary Resolution 3**"),

(collectively, the "**Resolutions**").

In voting for the resolutions set out in the Notice of EGM, Shareholders should note the following:

(i) The passing of Ordinary Resolution 1 is not conditional upon the passing of Ordinary Resolution 2 or Ordinary Resolution 3.

(ii) The passing of Ordinary Resolution 2 and Ordinary Resolution 3 are conditional upon the passing of Ordinary Resolution 1. This means that if Ordinary Resolution 1 is not approved by Shareholders, both Ordinary Resolution 2 and Ordinary Resolution 3 will not be passed.

(iii) Ordinary Resolution 2 and Ordinary Resolution 3 are inter-conditional upon each other. This means that if either Ordinary Resolution 2 or Ordinary Resolution 3 is not approved by Shareholders, both Ordinary Resolution 2 and Ordinary Resolution 3 will not be passed.

The Notice of EGM is set out on pages N-1 to N-4 of this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

2 THE PROPOSED DIVERSIFICATION

2.1 Background

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

2.2 New Business

The Proposed Diversification contemplated by the Group involves the diversification of the Group's Existing Business to include the New Business, i.e.:

(a) the manufacture, production and/or sale of synthetic ammonia and/or urea; and

(b) 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 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, lease 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.

The Company wishes to undertake the Proposed Investment, which involves the undertaking of the Synthetic Ammonia Project, which involves the construction of the Synthetic Ammonia Production Facility with an estimated production capacity of 300,000 tonnes of synthetic ammonia per annum, and the lease of the Urea Production Facility. Anhua presently owns the Urea Production Facility in Zhangjiazhuang, Shanying Town, Anyang County, Henan Province, China, which covers an area of about 19,398.80 m^2 and has a production capacity of approximately 200,000 tonnes of urea per annum, and presently holds the right to construct and implement the Synthetic Ammonia Project. The Synthetic Ammonia Project Land is located close in proximity to the Urea Production Facility. Pursuant to the Framework Agreement, such right to construct and implement the Synthetic Ammonia Project is intended to be undertaken by Anyang Jiutian, subject to approval from Shareholders and fulfilment of the Framework Agreement Conditions Precedent and the Transfer Agreement Conditions Precedent. For the reasons as set out in Section 2.6 of this Circular, 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 Section 3.1 of this Circular. Following Anyang Jiutian's entry into the Framework Agreement, Anyang Jiutian has also entered into the Synthetic Ammonia Project Transfer Agreement, the Urea Facility Lease Agreement and the Trademark Licensing Agreement, further details of which are set out in Sections 3.2, 3.4 and 3.5 of this Circular respectively.

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.

2.3 Management of the New Business

As part of the transactions contemplated under the Framework Agreement, including the Proposed Investment, Anyang Jiutian intends to employ several staff members who are presently employed by Anhua and who are involved in the construction of the Synthetic Ammonia Production Facility and the production of synthetic ammonia and urea. These staff members are intended to be employed on a full-time basis by Anyang Jiutian to oversee and manage the construction and operations in relation to the Synthetic Ammonia Project and the Urea Production Facility. Having been in the operations of synthetic ammonia and urea while being employed by Anhua, these existing staff members have the requisite skills, knowledge and competencies necessary in relation to the operation of the Synthetic Ammonia Project and the Urea Production Facility, such as the ability to operate relevant equipment and machines, staying compliant with company and government regulations, knowledge of safety protocols and quality control of the products manufactured. Although the Urea Production Facility has not been in production since 2020, these staff members have been involved in the maintenance of the Urea Production Facility and Anhua has continued to provide necessary training for these staff members. It is also intended that these staff members will also be responsible for training the new workers who will be hired for operating the Synthetic Ammonia Production Facility and the Urea Production Facility.

The Group will monitor developments and progress in the New Business and take the necessary steps to identify suitable candidates both from within the Group as well as externally, to support and manage the New Business as and when required. Where necessary, the management will also consider hiring additional staff or in-house or external consultants and professional advisers as and when required in connection with the New Business.

2.4 Funding for the New Business

The source of funds for the Proposed Investment, which is part of the New Business, is set out in Section 3.7 of this Circular. In addition to the foregoing, the Company may further consider tapping the capital markets in various ways, including but not limited to, issuance of securities for cash by way of rights issues and placements and issuance of debt instruments as and when necessary and deemed appropriate to fund the New Business.

2.5 Internal Controls and Risk Management of the New Business

The Directors recognise the importance of internal controls and risk management for the smooth running of the New Business. The external and internal risks presented by the New Business to the Group will be managed under the existing system of internal controls and risk management of the Group, which will determine the nature and extent of risks which the Directors may take in achieving the strategic objectives of the Group. Where necessary to better manage the Group's external and internal risks resulting from the Proposed Diversification, the Group will implement a set of operations and compliance procedures. Where necessary, the Audit Committee and the Directors will work towards implementing a set of operations and compliance procedures that is commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the entities engaging in the New Business. Where necessary, the Audit Committee of the Company and the Board will endeavour to:

(a) identify and manage the various risks associated with the New Business;

(b) review with the management, external and internal auditors on the adequacy and effectiveness of the Group's internal control procedures addressing financial, operational, compliance, informational technology and risk management systems relating to each of the New Business;

(c) review and recommend new policies or changes to policies; and

(d) commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation, which has or is likely to have a material impact on the Group's operating results and/or financial position.

Notwithstanding the above, due to human error or judgment, there is no assurance that these frameworks and systems are or will be strictly complied with at all times. In addition, the Group relies on the self-assessment, review and reporting processes of the respective subsidiaries to ensure that the transactions are carried out in compliance with the accounting standards and Group accounting policies and that the internal controls are adequate. The Group also has an outsourced internal audit function. Accordingly, there may be inherent limitations in the system which may not prevent or detect all misstatements or instances of fraud in a timely manner, and any changes in conditions or operations of the New Business may cause the system's effectiveness to vary from time to time.

2.6 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 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 Shareholders' 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 the production of synthetic ammonia and urea under the New Business are complementary, and these allow the Group to reduce its reliance on external suppliers for its supply of raw materials and exert a greater degree of control over the quality of the products produced**

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 presently. Synthetic ammonia is a key raw material used in the manufacturing and production of DMF and urea. 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, and subject to Shareholders' approval of the Proposed Diversification, the manufacturing and production of urea as well. 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. 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 in turn, the synthetic ammonia that will go into the production of urea and DMF by the Group, as the production process will be directly overseen by the Group. In view of this, there are potential synergies between the Synthetic Ammonia Production Facility, the Urea Production Facility, as well as the Group's existing DMF production facility.

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

A feasibility study commissioned by the Board 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.[1] 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.[2] Aside from the agricultural sector, China's rapid growth in the industrial sector has also fuelled demand for synthetic ammonia. Synthetic ammonia is also found in applications such as the chemical synthesis industry, plastics and polymers manufacturing, metallurgy, etc.[3] 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.[4] Undertaking the New Business would thereby allow the Group to tap and harness such growing demand in various sectors, including the agricultural and industrial sectors.

1 Source: Feasibility Study Report entitled "Feasibility Study of Liquid Ammonia Plant in Henan, China" issued in November 2023.
2 See footnote 1 above.
3 See footnote 1 above.
4 See footnote 1 above.

(e) **Entry into the Proposed Investment by way of undertaking the Synthetic Ammonia Project and the lease of the Urea Production Facility is beneficial to Anyang Jiutian as it reduces the 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 New Business in connection with the Proposed Diversification, the rationale for which is explained in Sections 2.6(a) to 2.6(d) of this Circular. 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 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, the Company can tap on Anhua's know-how and business network to ensure that the Group's foray into New Business will progress smoothly.

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

The Company considers leasing the Urea Production Facility from Anhua to be strategic. The production of urea as the main downstream product of synthetic ammonia would potentially provide the Company with higher margins and greater sources of revenue. The Company considers that having both production capabilities for the raw material of synthetic ammonia and the downstream product of urea to have synergistic benefits, potentially resulting in greater cost savings for the Group. To the Company's knowledge, existing competitors have also adopted this business model. While the Urea Production Facility has not been in operation since 2020, the production fixtures, equipment and facilities remain in working condition, based on the technical evaluation report issued by an independent consultant engaged by the Company in January 2024. It is noted that Anhua has ceased the production of urea by the Urea Production Facility due to certain considerations which are specific to Anhua's business and associated business strategies at that point in time, and Anhua is not presently engaged in the production of urea. By leasing the plant that Anhua is not currently using, the Company will be able to mitigate the transaction risks and obtain support from Anhua. Hence, the Company is of the view that it is more cost-effective to lease the Urea Production Facility from Anhua, as opposed to commissioning and constructing a new urea production facility or to purchase such a production facility.

Further, Preliminary Work has been conducted in relation to the Synthetic Ammonia Project since May 2017 by Anhua. Anyang Jiutian, in taking over the Synthetic Ammonia Project from Anhua, can rely on the previous work done by Anhua, which leads to time savings as it is envisaged that Anyang Jiutian can complete the construction of the Synthetic Ammonia Production Facility within a shorter timeframe as compared to starting from scratch. This is also beneficial to Anyang Jiutian in terms of the opportunity cost, as Anyang Jiutian was able to deploy its available funds into its other businesses and investments rather than invest such funds to the Synthetic Ammonia Project since May 2017.

2.7 Application of Chapter 10 of the Catalist Rules

Pursuant to Rule 1014 of the Catalist Rules, a major transaction is a transaction where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 75% but is less than 100% in the case of an acquisition, or 50%, in the case of a disposal or the provision of financial assistance. Pursuant to Rule 1015 of the Catalist Rules, where the acquisition is one where any of the relative figures as computed on the bases set out in Rule 1006 is 100% or more, or is one which will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively.

A major transaction, a very substantial acquisition and a reverse takeover must be made conditional upon approval by shareholders in a general meeting.

As the Company is proposing to enter into the New Business and as this entails a change in the Company's risk profile due to a material impact on the Group's gearing, the Company is seeking Shareholders' approval of the Proposed Diversification. Upon approval by Shareholders of the Proposed Diversification, any acquisition which is in, or is in connection with, the New Business, would be in the Group's ordinary course of business and therefore not fall under the definition of a "transaction" under Chapter 10 of the Catalist Rules even if the relative figures computed on the bases set out in Catalist Rule 1006 exceed the thresholds set out in Catalist Rule 1014, unless such transaction changes the risk profile of the Group or is subject to Catalist Rule 1015 on very substantial acquisitions or reverse takeovers. This will substantially reduce the administrative time and expenses in convening Shareholder meetings for any transactions in the New Business, as well as provide the Group with greater flexibility to pursue business opportunities in the New Business which may be time-sensitive in nature.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business 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 shareholders' approval. The Company is also seeking Shareholders' approval for the Proposed Investment as it is the First Major Transaction involving the New Business, in compliance with the SGX-ST's recommended practice.

The Proposed Diversification will thus allow the Group, in its normal course of business, to enter into transactions relating to the New Business in an efficient and timely manner without the need for Shareholders' approval, for so long as it is in the ordinary course of its business or of a revenue nature. As such, save as provided for in the immediately preceding paragraph on SGX-ST's recommended practice in relation to diversification of business, the Company will not need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential transactions which are transactions within the ordinary course of the New Business or are of a revenue nature arise, even when such transactions cross the thresholds of a "major transaction". This will substantially reduce the administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the Company.

For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification and Proposed Investment is being sought, in respect of transactions relating to the New Business:

(a) the Company will make an immediate announcement and disclosure pursuant to and in compliance with Rule 704(16) of the Catalist Rules for any acquisition of (I) shares resulting in the Company holding 10% or more of the total number of issued shares excluding treasury shares and subsidiary holdings of a quoted company; and (II) quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5% of the issuer's latest audited consolidated NTA;

(b) Rule 1015 of the Catalist Rules will apply to an acquisition of assets (whether or not the acquisition is deemed in the Company's ordinary course of business, which will include the New Business if the Proposed Diversification is approved by Shareholders) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or which results in a change in control of the Company. Such transactions must be, amongst others, made conditional upon approval by Shareholders at a general meeting, save for the Proposed Investment, for which the Company has obtained the Waiver from compliance with Rule 1015 of the Catalist Rules and for the Proposed Investment to be treated as a "major transaction" under Rule 1014 of the Catalist Rules;

(c) in respect of a transaction which constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such transactions and the Company will comply with the relevant rules; and

(d) in light of Practice Note 10A of the Catalist Rules, if a transaction is not within the existing principal business or changes the risk profile of the Company, Shareholders' approval may be required for such transaction.

The Company will be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

2.8 Risk Factors

In undertaking the Proposed Diversification, the Group could be affected by a number of risks which relate to the New Business as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out herein. Shareholders should carefully consider and evaluate each of the following considerations and all other information contained in this Circular.

To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the Proposed Diversification are set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the Proposed Diversification, this may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

2.8.1 General Risk Factors associated with the Proposed Diversification

(a) **The Group does not have a prior track record in the New Business and the New Business may not be viable or successful**

The Group does not have a prior track record in carrying out the New Business. There is no assurance that the Group's foray into the New Business will be commercially successful or that the Group will be able to derive sufficient revenue to offset the capital, start-up and/or operating costs arising from the New Business. The New Business will require significant capital commitments and may expose the Group to unforeseen liabilities or risks associated with its entry into new markets or new businesses. The Group's future plans with regard to the New Business may not be profitable, and the Group may not achieve sales levels and profitability that justify the investments and/or acquisition costs made and it may take a long period of time before the Group could realise any return.

The Group's ability to successfully expand into the New Business is dependent upon its ability to understand and navigate the New Business. There is no assurance that the Group will be able to retain its existing employees or that the employees whose employment will be transferred from Anhua to Anyang Jiutian will be able to successfully integrate into the Group and successfully implement the work required under the New Business in accordance with the requirements of the Group. Accordingly, the Group may not be able to successfully implement the New Business and this may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(b) **The current management may not have the expertise to ensure the success of the New Business**

As the New Business is a new area of business to the Group, the Group will face the usual risks, uncertainties and problems associated with the entry into any new business which it has no prior track record in. These risks, uncertainties and problems include, among other things, the inability to find the right joint venture, strategic or other business partnerships, the inability to manage expanding operations and costs, failure to attract and retain customers, difficulty in establishing a database of suppliers, failure to provide the results, level of revenue and margins the Group is expecting and failure to identify, attract, retain and motivate qualified personnel.

In addition, the Group's current management may not have the relevant expertise to ensure success in these areas. While the existing management team of the Group will undergo relevant training to equip them with the necessary skills for the operation of the New Business, the Group may not be able to retain existing personnel, and may also face difficulties in recruiting skilled and qualified personnel in the New Business due to its specialised nature. If the Group is unable to attract and retain a sufficient number of suitably skilled and qualified personnel, this may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(c) **The Group's performance in the New Business will be subject to exposure to macro-economic risks**

The business activities of the Group may be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

(i) legal and regulatory changes, including those in relation to the manufacturing and production of synthetic ammonia and urea in the PRC;

(ii) economic and political conditions;

(iii) the level and volatility of liquidity and risk aversion;

(iv) the level and volatility of equity, debt, property, commodity and other financial markets;

(v) the level and volatility of interest rates and foreign currency exchange rates;

(vi) concerns over inflation; and

(vii) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the economic and business conditions in the countries where the New Business will operate. The costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

(d) **The Group may face legal proceedings arising from the operations of the New Business**

The Group may be involved from time to time in disputes with various parties arising from the operations of the New Business. Further, the Group may have disagreements with regulatory bodies in the course of its operations, which may result in administrative proceedings and unfavourable decrees that result in financial losses. Any claims or disputes arising from the above may have an adverse impact on the business, results of operations, financial condition and prospects of the Group.

2.8.2 Risks relating to the New Business

(a) **The New Business may be affected by various laws and government regulations**

The New Business is exposed to the risks posed by current and potential regulations and legislation that apply to the countries or industries in which the Group operates and the countries or industries its customers or suppliers operate.

The New Business will have to comply with various PRC laws and government regulations, including but not limited to laws and government regulations in relation to application for change of registered business scope of Anyang Jiutian to include the production and sale of urea and synthetic ammonia; governmental procedures in connection with environment protection, fire safety and production safety etc. for undertaking and construction of the Synthetic Ammonia Project as well as the subsequent production and sale of urea and synthetic ammonia. The New Business may also require other statutory and regulatory licences, permits, consents and approvals to operate. These licences, permits, consents and approvals may be granted for fixed periods of time and may need to be renewed after expiry from time to time. The Group may not be able to apply for and obtain the relevant licences, permits, consents and approvals required for its contracts or otherwise within the statutory time limits, and in addition, the Licensed Trademarks which the Group requires for the New Business may not be successfully renewed by Anhua on a timely basis. There can be no assurance that the relevant authorities will issue any such licences, permits, consents or approvals in time or at all. Failure by the Group and where applicable, Anhua, to renew, maintain or obtain the required licences, permits, consents or approvals, or cancellation, suspension or revocation of any of its licences, permits, consents or approvals may result in the Group being unable to undertake the relevant segment of the New Business and/or in the interruption of its operations, which may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

Our efforts to comply with existing and new rules and regulations may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance-related activities. Any failure to comply with applicable laws and regulations, even if inadvertent, may result in civil or criminal fines or penalties or enforcement actions, including orders issued by regulatory or judicial authorities. We may also be required to compensate third parties suffering loss or damage by reason of a breach of such laws and regulations. Such failure to comply with applicable laws and regulations may ultimately result in interruption or closure of our manufacturing production operations, which may have a material adverse effect on our business, results of operations, financial condition or prospects.

As at the Latest Practicable Date, Anyang Jiutian is in the process of acquiring the relevant licences and permits from the various government agencies for the Synthetic Ammonia Project and operation of the Urea Production Facility. Anhua will assist Anyang Jiutian in applying for and obtaining the relevant approvals. The Company will provide an update to Shareholders when there are any material developments.

(b) **The New Business and in particular, the Proposed Investment may be affected by risk associated with the long-term lease of the Urea Production Facility**

With the execution of the Urea Facility Lease Agreement, Anyang Jiutian is bound by its terms, and in particular, the rental amount to be paid by Anyang Jiutian to Anhua. The initial Lease Term is 20 years from the Urea Production Facility Handover Date, and the Company estimates the Urea Production Facility Handover Date to be two to three years following the execution of the Urea Facility Lease Agreement. By committing to the rental payment upfront, the Group is exposed to the risk of such rental payment exceeding the prevailing market rate in the future during the period between the date of the Urea Facility Lease Agreement and the Urea Production Facility Handover Date, as well as the term of the lease, and if the margin between the prevailing market rate and the rate pursuant to the Urea Facility Lease Agreement is wide, it may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(c) **The New Business may involve significant capital expenditure and financing requirements, and the Group may not be able to obtain additional financing on acceptable terms**

The New Business is capital intensive and our ability to maintain and increase our revenues, net income and cash flows depends upon continued capital spending. Our capital expenditures may vary significantly due to various factors, including, among others, our ability to generate sufficient cash flows from operations to finance capital expenditures, our ability to finance such expenditures through borrowings and other requirements that are beyond our control. We may also encounter unforeseen costs and expenses in the process of carrying out our investment plans which may lead to cost estimates being exceeded. In addition, there is no assurance as to whether, or at what cost, capital projects, including the Proposed Investment, will be completed or that such projects will be successful if completed. Operating losses may be incurred if we do not have adequate capital resources to complete our investment plans or if actual expenditures exceed planned expenditures. We cannot assure you that any required additional financing, either on a short-term or long-term basis, will be available to us on satisfactory terms, or at all. If adequate funds are not available on satisfactory terms, we may be forced to curtail expansion plans, which could result in an inability to successfully implement our business strategies and limitations on the growth of our business.

Our ability to make payments on our debt, fund our other liquidity needs and make planned capital expenditures will depend on our ability to generate cash in the future. Our historical financial results have been, and it is anticipated that our future financial results will continue to be, subject to fluctuations. Our ability to generate cash, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Market conditions may limit the Group's ability to secure additional financing in the future on favourable terms or at all. The Group's ability to secure additional financing and satisfy its financial obligations under indebtedness outstanding from time to time will depend upon its future operating performance, which is subject to then prevailing general economic and credit market conditions, including interest rate levels and the availability of credit generally, and financial, business and other factors, many of which are beyond its control. The Group's inability to secure financing on favorable terms, if at all, may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(d) **The manufacturing processes under the New Business are complex and involve manufacturing risks**

The manufacturing of our products involves complex, precise and often dangerous processes, requiring production in tightly controlled environments. As a result, our operations are subject to manufacturing risks, including, among others:

(i) the failure to achieve an acceptable success rate in the manufacture of our products. The likelihood of facing such difficulties is higher when transitioning to new methods of production, which may occur from time to time during various stages of the manufacturing process. The interruption of certain processes or the failure to achieve acceptable manufacturing yields at any of our facilities could adversely affect our business and results of operations;

(ii) risks associated with the use of hazardous, toxic or flammable raw materials and intermediate products. The storage of such materials near our production facilities and the handling of these materials in the production process pose inherent risks. An accident could materially disrupt our manufacturing operations and could lead to death or personal injuries. Any such accident could have a material adverse effect on our operations, business and financial condition. Any such accident may also subject us to adverse publicity and damage to our reputation. Due to the public's growing awareness of and concern about safety and environmental protection, the risk of such accident may result in social demonstrations against the building and operation of our facilities, which may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(iii) the consumption of substantial amounts of electricity in our production processes. In order to reduce interruptions and to facilitate a continuous source of electricity, we maintain backup power generators and a dynamic uninterrupted power system to power machinery and equipment until they can be safely turned off or switched to a backup electricity supply. Despite taking such measures, we cannot assure you that power shortages would not adversely affect our results of operations and financial condition; and

(iv) certain inherently dangerous activities undertaken in the course of our operations may expose us to a number of additional risks, including the risk of fire, explosion, leakage, release of toxic fumes or other unexpected or hazardous conditions causing personal injuries or death, property damage, environmental damage or interruption of operations.

(e) **Shortages of raw materials or volatility of raw material prices may adversely affect our business and operations**

The cost of raw materials is the largest component of our operating costs. The nature of our operations requires us to obtain sufficient quantities of high-quality raw materials in a timely manner and at acceptable prices. As a result, our operations are vulnerable to changes in the supply and price of raw materials. In particular, raw coal serves as the primary raw material for the manufacturing of synthetic ammonia, and carbon dioxide is one of the key raw materials for the manufacturing of urea. Fluctuations in the price of raw coal and carbon dioxide can significantly affect production costs. Rapid and unpredictable fluctuations in the prices of raw materials can lead to increased production costs, eroding profit margins. Sudden price spikes may disrupt the supply chain of the raw materials as well, thereby affecting production schedules.

Most of the raw materials we use are typically sourced from a limited group of suppliers. While ammonia to be produced by the Synthetic Ammonia Production Facility will be supplied towards the production of urea by the Urea Production Facility, the Group requires other raw materials and therefore, disruptions to the operations of our suppliers could limit our ability to obtain sufficient quantities of such raw materials of an acceptable or comparable quality, or at an acceptable price. Any inability to obtain high-quality raw materials in a timely and cost effective manner may cause delays in our production and delivery schedules, which may result in loss of customers and revenues.

Large amounts of raw materials are required in our manufacturing processes. Although we have not experienced any significant difficulties in obtaining raw materials to satisfy our production requirements in the past, we cannot assure you that we will be able to continue to meet our raw materials requirements in the future. Any significant increase in the prices of raw materials could materially affect our businesses, results of operations and financial condition if such price increases cannot be passed on to customers by way of higher selling prices. Our ability to pass on cost increases to our customers is dependent on market conditions and the bargaining power of those customers.

(f) **Significant expenses may be incurred to maintain our manufacturing equipment and any interruption in the operations of our facilities may harm our operating performance**

It is envisaged that significant expenses may be incurred to maintain our manufacturing equipment and facilities, including the Synthetic Ammonia Production Facility, once constructed. The machines and equipment used in the production of our products are complex, have many parts and may be run on a continual basis. The Group will have to perform routine maintenance on the equipment and will have to periodically replace a variety of parts such as motors, pumps, pipes and electrical parts. In addition, such production facilities require periodic shutdowns to perform major maintenance. These scheduled shutdowns of facilities result in decreased sales and increased costs in the periods in which a shutdown occurs and could result in unexpected operational disruptions in future periods as a result of changes to equipment and operational and mechanical processes made during the shutdown period. Any prolonged disruption in operations at any of our facilities may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

Some of our production facilities are highly technical. Our ability to shift production or sourcing to other facilities in the event of an accident is limited at such facilities. If a production facility was shut down temporarily, we would likely suffer production delays and, to the extent that facility was used for the production of input material for our downstream products, we could incur additional costs in sourcing alternative supplies, either of which may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(g) **The New Business may be affected by health, safety, operational and environmental hazards**

The operation of the New Business, including the operation of the Urea Production Facility and when constructed, the Synthetic Ammonia Production Facility, carry an inherent risk of liability related to worker health and safety and the environment, including the risk of government imposed orders to remedy unsafe conditions and/or to remediate or otherwise address environmental contamination, potential penalties for contravention of health, safety and environmental laws, licences, permits and other approvals, and potential civil liability. Environmental legislation may also provide for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with the operations. Legislation may also require that production facilities be operated, maintained, abandoned and reclaimed to the satisfaction of Applicable regulatory authorities. Furthermore, environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Group to incur costs to remedy such discharge.

Compliance with health, safety and environmental laws (and any future changes) and the requirements of licences, permits and other approvals will remain material to the New Business. The Group will incur significant capital and operating expenditures to comply with health, safety and environmental laws and to obtain and comply with licences, permits and other approvals and to assess and manage its potential liability exposure. Nevertheless, the Group may become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters.

The occurrence of any of these events or any changes, additions to or more rigorous enforcement of, health, safety and environmental laws, licences, permits or other approvals could have a significant impact on operations and/or result in additional material expenditures. Consequently, no assurances can be given that additional environmental and workers' health and safety issues relating to presently known or unknown matters will not require unanticipated expenditures, or result in fines, penalties or other consequences (including changes to operations) material to the Group's business and operations.

(h) **The New Business may be affected by natural disasters, outbreaks of communicable diseases and other events beyond the Group's control**

Natural disasters, outbreaks of communicable diseases and other events beyond the Group's control in the markets in which it operates may lead to uncertainty in the economic outlook of these markets, leading to an economic downturn. This could in turn have an adverse impact on the New Business. In the event that the Group's employees are infected or suspected of being infected with any communicable disease, the Group may be required by health authorities to temporarily shut down the affected premises or offices and quarantine the relevant employees to prevent the spread of the disease. This will result in delays and may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

The consequences of any such natural disasters, outbreaks of communicable diseases or other events beyond the Group's control are unpredictable, and the Group is not able to foresee events of such nature, which could cause interruptions to parts of its business and may have a material adverse impact on the business, results of operations, financial condition and prospects of the Group.

(i) **The Group is exposed to risks associated with acquisitions, joint ventures, strategic alliances or partnerships**

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the New Business may involve acquisitions, joint ventures, strategic alliances or partnerships with third parties. Participation in joint ventures, strategic alliances, partnerships, acquisitions, or other investment opportunities involves numerous risks, including the possible diversion of attention of management from existing business operations and loss of capital or other investments deployed in such joint ventures, strategic alliances, partnerships, acquisition or opportunities. Further, such collaborations involve additional risks associated with the possibility that the joint venture and/or strategic partner may (i) have economic or business interests or goals that are inconsistent with the Group; (ii) take actions or omit to take actions contrary to the Group's instructions, requests or objectives or good corporate governance practices or the law; (iii) be unable or unwilling to fulfil their obligations; (iv) have financial difficulties; or (v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the Group's business relationship with the joint venture and/or strategic partner and in turn materially and adversely affect the Group's business, results of operations and financial condition. In such events, the Group's financial performance may be adversely affected.

3 THE PROPOSED INVESTMENT

3.1 Material Terms of the Proposed Investment

(a) **The Investment Amount**

The aggregate investment amount in connection with the Proposed Investment includes the following:

(i) Approximately RMB1.60 billion (or approximately S$298.72 million[5]), being the estimated construction cost of the Synthetic Ammonia Production Facility and the implementation cost thereof (this excludes any amount payable by Anyang Jiutian in relation to the Synthetic Ammonia Project Land Arrangement). Out of the foregoing RMB1.60 billion, the cost which Anyang Jiutian shall reimburse Anhua is up to RMB26 million (or approximately S$4.85 million[6]) for the costs that it has paid and will pay, in respect of past, present and ongoing preliminary work done and/or undertaken in relation to the Synthetic Ammonia Project up to the Synthetic Ammonia Project Handover Date, including but are not limited to costs and expenses incurred and to be incurred on an ongoing basis in relation to (A) costs paid and payable to third parties by Anhua for, among others, governmental fees, technical work, survey and design, construction and installation work and the handling of governmental formalities; and (B) Anhua's in-house administrative and office costs, staff salaries and travelling expenses of such staff members (collectively, the "**Preliminary Work**" and the costs and expenses incurred in connection with (A) and (B) shall be collectively referred to as the "**Preliminary Work Costs**"), provided that the costs are in relation to Preliminary Work undertaken from May 2017, up till the Synthetic Ammonia Project Handover Date and if such handover takes place on the Long-Stop Date of 30 June 2024, the Preliminary Work Costs which the Company shall reimburse Anhua shall be up to RMB26 million (or approximately S$4.85 million[7]);

(ii) such amount to be paid by Anyang Jiutian for the Synthetic Ammonia Project Land Arrangement i.e. the acquisition and lease of such land parcels which comprise the Synthetic Ammonia Project Land. The amount is subject to further discussions between Anyang Jiutian and the local government of Long'an District, Anyang City, following the execution of the Synthetic Ammonia Project Transfer Agreement and is where applicable, subject to the approval of the Shareholders pursuant to requirements under the Catalist Rules; and

(iii) the rental amount to be paid by Anyang Jiutian to Anhua for the lease of the Urea Production Facility for the initial Lease Term of RMB74,579,080 (or approximately S$13.92 million[8]),

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

(b) **Independent Valuer and Value of the Urea Production Facility**

The Company had commissioned Tianyuan Assets Appraisal Co., Ltd. as the Independent Valuer to undertake an independent valuation of the Urea Production Facility. The Independent Valuer was restructured and established in February 2000. It has obtained the Asset Appraisal Qualification Certificate and Securities and Futures Related Business Appraisal Qualification Certificate (Certificate Number: 0571061003), and is registered with the Ministry of Finance of the PRC and the China Securities Regulatory Commission. The Independent Valuer is also accredited by the China Appraisal Society (中国资产评估协会).

[5] Based on the exchange rate of RMB1: S$0.1867 extracted from Bloomberg L.P. as at Latest Practicable Date.
[6] See footnote 5 above.
[7] See footnote 5 above.
[8] See footnote 5 above.

The Independent Valuation Summary Letter and the Valuation Report are prepared by Leo Ma, who is a licensed appraiser who has obtained the following certifications and membership:

(i) Certification of Certified Public Valuator, issued by the Ministry of Finance of the PRC;

(ii) China Real Estate Appraiser, issued by the Ministry of Housing and Urban-Rural Development of the PRC;

(iii) China Land Appraisal, issued by the Ministry of Land and Resources of the PRC;

(iv) China Mining Rights Appraiser, issued by the Ministry of Natural Resources of the PRC; and

(v) Membership certificate from the China Appraisal Society (中国资产评估协会).

He has more than 20 years of experience in business and asset related appraisals.

(c) **The Independent Valuation Summary Letter and the Valuation Report**

(i) As at 31 December 2023, the total rental value of the Urea Production Facility per annum as ascribed by the Independent Valuer is RMB3,728,954 (or approximately S$0.70 million[9]), which includes the total of (a) the rental value of RMB363,960 (or approximately S$67,951[10]) for land use rights, (b) the rental value of RMB871,494 (or approximately S$162,708[11]) for buildings and (c) the rental value of RMB2,493,500 (or approximately S$465,536[12]) for equipment. A copy of the Independent Valuation Summary Letter is attached as **Appendix B** to this Circular and the full Valuation Report is available as a document for inspection. For further details, refer to Section 16 of this Circular.

(ii) The Independent Valuer has confirmed that the independent valuation of the Urea Production Facility has been undertaken in accordance with the requirements of the International Valuation Standards published by the International Valuation Standards Council.

(iii) Based on the Valuation Report, the basis of the rental valuation of the Urea Production Facility is calculated based on the market value of the annual rental of the intangible assets and fixed assets that comprise the Urea Production Facility. The “market value” refers to the estimated amount of the value in respect of the Urea Production Facility in a normal and fair transaction as at the valuation date of 31 December 2023, whereby a willing buyer and willing seller act rationally and without any coercion. The adoption of market value as the valuation methodology is consistent with the purpose of the valuation exercise, and has taken into consideration factors such as market conditions and the condition of the Urea Production Facility. In arriving at the market value, the Independent Valuer used the income approach in valuing the Urea Production Facility, and in particular the remuneration capitalization method, which is a method of estimating the rental value of buildings or equipment by predicting the net income of the buildings or equipment in the future duration and discounting it based on a reasonable rate of return. The benchmark land price correction coefficient method was also used to conduct value analysis on the rental valuation of land lease assets.

[9] See footnote 5 above.
[10] See footnote 5 above.
[11] See footnote 5 above.
[12] See footnote 5 above.

(iv) The Board is of the view that the key assumptions used by the Independent Valuer in the valuation of the Urea Production Facility are reasonable, and the key limitations disclosed in the Independent Valuation Summary Letter and the Valuation Report and the conclusion set out therein are acceptable.

(v) The Independent Valuer has confirmed that it has no present or contemplated interest in the Company, Anyang Jiutian and Anhua, and is acting independently of the foregoing parties. None of the Directors, the Company's Substantial Shareholders, and their respective associates have any interest, direct or indirect, in the Independent Valuer.

(vi) For completeness, in respect of the Synthetic Ammonia Project Land, the consideration for the acquisition of part of the Synthetic Ammonia Project Land is based on the tender price and the consideration for the lease of part of the Synthetic Ammonia Project Land is based on the benchmark market rate of the type of land being leased. As such, the Company will not be commissioning a valuation of the Synthetic Ammonia Project Land.

Shareholders are advised to read and consider the Independent Valuation Summary Letter carefully, and in particular the scope of work, selected valuation approach and key valuation assumptions taken into account by the Independent Valuer. The Independent Valuation Summary Letter is set out in Appendix B to this Circular.

(d) **Salient Terms of the Framework Agreement**

Obligations of the Parties

As stated in the 13 January Announcement, pursuant to the Framework Agreement:

(i) Anhua shall, *inter alia:*

(A) lease the Urea Production Facility to Anyang Jiutian, subject to the Framework Agreement Conditions Precedent being met and Parties' entry into the definitive lease agreement (the "**Urea Facility Lease Agreement**");

(B) following Anyang Jiutian reimbursing Anhua the Agreed Reimbursement Amount, after Anyang Jiutian's lease of the Urea Production Facility from Anhua and after Anyang Jiutian has taken over the Synthetic Ammonia Project, Anhua shall 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 city 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 of the Synthetic Ammonia Project;

(B) reimburse the Agreed Reimbursement Amount to Anhua for the costs incurred by Anhua in relation to the Synthetic Ammonia Project, which includes expenses incurred for the research conducted on the Synthetic Ammonia Project, project technical work, survey and design, 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 Agreed 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 Agreed Reimbursement Amount is in respect of 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 the Parties' execution of the Framework Agreement, the Parties have entered into the following definitive documentation to implement the transactions and arrangements envisaged under the Framework Agreement:

(A) the agreement to for Anyang Jiutian to take over the construction and implementation of the Synthetic Ammonia Project from Anhua (the "**Synthetic Ammonia Project Transfer Agreement**");

(B) the Urea Facility Lease Agreement; and

(C) the Trademark Licensing Agreement,

(collectively, the "**Definitive Agreements**"). **Salient terms of the Definitive Agreements are set out in Sections 3.2, 3.4 and 3.5 of this 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, fillings, permits and registrations 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, fillings, permits and registrations 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 the 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 Agreements; 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 "**Framework Agreement Conditions Precedent**").

Long-Stop Date and Termination

Unless the Framework Agreement Conditions Precedent are expressly waived in whole or in part by the relevant Party in writing, if any of the Framework Agreement 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 the transactions contemplated under the Framework Agreement, or if the Framework Agreement Conditions Precedent are not fulfilled by the Long-Stop Date.

3.2 Salient Terms of the Synthetic Ammonia Project Transfer Agreement

Further to the Framework Agreement, the Parties have, on 5 March 2024, entered into the Synthetic Ammonia Project Transfer Agreement, the salient terms of which are set out below. The Company will release announcements, where appropriate, to inform Shareholders of material developments that may occur in relation to the Synthetic Ammonia Project Transfer Agreement.

(a) <u>Obligations of the Parties</u>

Subject to the satisfaction of the Transfer Agreement Conditions Precedent by 30 June 2024 (which may be extended by Parties' mutual agreement in writing), Anyang Jiutian agrees to take over the construction and operation of the Synthetic Ammonia Project from Anhua, and Anhua agrees to assist Anyang Jiutian with all the work and matters that such transfer entails, including, *inter alia*:

(i) In respect of the Preliminary Work on the Synthetic Ammonia Project which was done by Anhua, Anhua agrees to transfer the Preliminary Work and the results thereof to Anyang Jiutian to the extent that is legally permissible, so as to avoid duplication of work. If the Preliminary Work involves agreements entered into between Anhua and third parties, and/or approvals, registrations, filings, licences, opinions, reports, designs and other written documents issued or to be issued by third parties, Anhua shall coordinate with such third parties for their written agreement to change the legal entity undertaking the Synthetic Ammonia Project to Anyang Jiutian, following the Synthetic Ammonia Project Handover Date, or procure such third parties' consent to enter into the relevant agreements with Anyang Jiutian, or such third parties' agreement to issue the relevant approvals, registrations, filings, licences, opinions, reports, designs and other written documents to Anyang Jiutian separately;

(ii) Anhua shall cooperate with Anyang Jiutian in handling and completing the work required for undertaking the construction of the Synthetic Ammonia Project in terms of applying to government agencies for the approvals, registrations, filings, permits, opinions and other work required for the construction of the Synthetic Ammonia Production Facility in accordance with applicable laws and regulations, so as to ensure that Anyang Jiutian can legally construct the Synthetic Ammonia Production Facility;

(iii) Anhua shall cooperate with Anyang Jiutian in the application and implementation of loan financing required for the Synthetic Ammonia Project from financial institutions, 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 financing contract or agreement after obtaining the approvals of the board of directors and/or shareholders of Anyang Jiutian and/or the approval of the Shareholders of the Company, the Board, the regulators, including the SGX-ST and other regulatory bodies and governmental agencies, as applicable;

(iv) Anhua shall cooperate with Anyang Jiutian in the handling of the formalities for the use of the Synthetic Ammonia Project Land in accordance with applicable laws and regulations, including but not limited to the issuance of official documents by the competent land authorities or the government of Anyang City approving the use of the land for the construction of the Synthetic Ammonia Production Facility or confirming the legality of the use of the land by Anyang Jiutian for the construction of the Synthetic Ammonia Production Facility;

(v) Subsequent to the Synthetic Ammonia Project Handover Date, in respect of the contracts pursuant to which Anhua is required to make payment for the Synthetic Ammonia Project, as well as for the contracts in respect of which Anhua has executed previously but which the payment obligation has not arisen, Anhua, Anyang Jiutian and the counterparty under such contracts shall execute a tripartite agreement or alternatively, Anyang Jiutian and the counterparty under such contracts shall enter into a new contract separately;

(vi) In addition, Anhua undertakes that, during the period in which Anyang Jiutian engages in the manufacturing and production of synthetic ammonia, Anhua and the corporate entities controlled by Anhua will not directly or indirectly engage in the production and/or sale of synthetic ammonia within or outside the PRC in any of the following manner, including but not limited to: (1) directly or indirectly engaging in the production and/or sale of synthetic ammonia; (2) investing in, acquiring or merging with enterprises or entities engaged in the production and/or sale of synthetic ammonia, (3) operate enterprises engaged in the production and/or sale of synthetic ammonia production facilities, including by way of trusteeship, contracting or leasing etc., (4) provide, or in any way, support or assist in terms of capital, business and technology to enterprises whose business competes with that of the Company's; and

(vii) After Anyang Jiutian has undertaken the Synthetic Ammonia Project in accordance with applicable laws, Anhua agrees to provide Anyang Jiutian, at nil consideration, with the relevant intellectual property rights in respect of the construction, production and operation of the Synthetic Ammonia Project, as well as technical guidance and support to Anyang Jiutian's construction and operation of the Synthetic Ammonia Project, so as to ensure that Anyang Jiutian is able to successfully implement the Synthetic Ammonia Project.

(b) Agreed Reimbursement Amount in respect of preliminary costs incurred in connection with the Synthetic Ammonia Project

(i) In respect of the Preliminary Work Costs, the Parties shall designate personnel for the verification of such costs, and the final quantum of the reimbursement amount, which shall not exceed RMB26 million, shall be mutually agreed by the Parties in writing (the "**Agreed Reimbursement Amount**"). The Audit Committee shall (a) review the work done by the management of the Company and Anyang Jiutian to verify the Agreed Reimbursement Amount, and (b) approve the Agreed Reimbursement Amount as part of the Company's internal controls.

(ii) Preliminary Work Costs refers to costs incurred from May 2017 till the Synthetic Ammonia Project Handover Date, which is presently anticipated to take place no later than the Long-Stop Date. The Parties acknowledge that the costs incurred by Anhua in respect of the Preliminary Work done as at 31 October 2023 is RMB20.55 million (or approximately S$3.84 million[13]), and that Anyang Jiutian's eventual acceptance of the construction and operation of the Synthetic Ammonia Project is subject to the fulfilment of the Transfer Agreement Conditions Precedent, and that Anhua will continue to incur Preliminary Work Costs on an ongoing basis up to the Synthetic Ammonia Project Handover Date. The estimated Preliminary Work Costs to be reimbursed by Anyang Jiutian to Anhua is up to RMB26 million (or approximately S$4.85 million[14]) as at the Synthetic Ammonia Project Handover Date.

(iii) Following the taking over of the Synthetic Ammonia Project by Anyang Jiutian in accordance with applicable laws and regulations, and subject to the fulfilment of the Transfer Agreement Conditions Precedent, and provided that Anyang Jiutian does not have to pay any third party for the transfer of the Preliminary Work or incur any other cost in connection with such transfer other than as set out in Section 3.2(a)(v) of this Circular, Anyang Jiutian shall pay Anhua the Agreed Reimbursement Amount in accordance with the following payment arrangement:

(A) 50% of the Agreed Reimbursement Amount shall be paid by Anyang Jiutian to Anhua within one month from the Synthetic Ammonia Project Handover Date;

[13] See footnote 5 above.
[14] See footnote 5 above.

(B) 30% of the Agreed Reimbursement Amount shall be paid by Anyang Jiutian to Anhua within one month from a full year after the Synthetic Ammonia Project Handover Date; and

(C) 20% of the Agreed Reimbursement Amount shall be paid by Anyang Jiutian to Anhua within one month from the date that the Synthetic Ammonia Production Facility is able to complete the entire production process and passes the requisite performance evaluation administered by Anyang Jiutian.

(iv) The costs incurred from May 2017 till 31 October 2023 have been set out in the Synthetic Ammonia Project Transfer Agreement. Prior to the taking over of the Synthetic Ammonia Project by Anyang Jiutian and between 31 October 2023 and 30 June 2024, the Preliminary Work in relation to the Synthetic Ammonia Project will continue, for which expenses will be incurred on an ongoing basis. In relation to such Preliminary Work, Anhua shall provide Anyang Jiutian with a list of monthly expenses incurred and notify Anyang Jiutian prior to making payment to third parties.

For additional expenses incurred beyond the Agreed Reimbursement Amount, the Audit Committee shall (a) review the work done by the management of the Company and Anyang Jiutian to verify such expenses, and (b) approve such expenses. If necessary, Shareholders' approval will be obtained for such additional expenses.

(c) Conditions Precedent

The taking over of the Synthetic Ammonia Project by Anyang Jiutian from Anhua is subject to the completion and fulfilment of all the following conditions precedent before the Long-Stop Date:

(i) Anyang Jiutian having acknowledged the results of the due diligence exercise conducted as well as the proposal to resolve any issues identified, and there are no legal impediments that would materially affect the transactions contemplated as part of the Synthetic Ammonia Project;

(ii) Prior to the taking over of the Synthetic Ammonia Project by Anyang Jiutian, that (a) the Synthetic Ammonia Project is a legally valid project, and (b) Anhua is the entity entitled to undertake the construction of the Synthetic Ammonia Production Facility, and none of the approvals in respect of (a) nor (b) has any restrictions imposed on them or is revoked;

(iii) Anhua has obtained or completed (as the case may be) all internal and external approvals, filings, licences and registrations in relation to the Synthetic Ammonia Project, including but not limited to those from Anhua's shareholders and/or board of directors, the courts, supervisory authorities of state-owned assets and other governmental authorities and bodies, creditors, administrators, etc. (if applicable), in relation to Anyang Jiutian's undertaking of the Synthetic Ammonia Project, and such approvals, filings, licences or registrations have not been restricted or withdrawn after they have been obtained;

(iv) Anyang Jiutian has obtained or completed (as the case may be) all internal and external approvals, registrations, filings, licences or opinions and all procedures etc. from the relevant authorities which are necessary for Anyang Jiutian to carry out the construction and operation of the Synthetic Ammonia Project in accordance with applicable laws and regulations, including but not limited to approvals of the shareholders and/or the board of directors of Anyang Jiutian, as well as the approval of the Shareholders of the Company, being the majority shareholder of Anyang Jiutian, the Board, and regulatory bodies such as the SGX-ST and the relevant PRC governmental authorities, where applicable, and none of such approvals, permits, opinions, filings, licences or registrations have been revoked or have any restrictions imposed on them since they have been obtained;

(v) Anhua has coordinated and arranged for Anyang Jiutian to execute the relevant loan agreements in relation to the financing that Anyang Jiutian requires for undertaking the Synthetic Ammonia Project, including the construction of the Synthetic Ammonia Production Facility;

(vi) Anhua shall assist Anyang Jiutian in all the work required for Anyang Jiutian to obtain the right to use the Synthetic Ammonia Project Land for the construction of the Synthetic Ammonia Production Facility in accordance with applicable laws and regulations, which shall be approved or confirmed by the relevant land authorities or any official documents stipulating the approval of the government of Anyang City; and

(vii) Anhua and Anyang Jiutian have entered into the definitive agreement in relation to the lease of the Urea Production Facility, being the Urea Facility Lease Agreement,

(the "**Transfer Agreement Conditions Precedent**").

Unless the Parties agree to extend the Long-Stop Date, if any of the Transfer Agreement Conditions Precedent are not fulfilled on or before the Long-Stop Date, the Synthetic Ammonia Project Transfer Agreement shall be terminated forthwith, and the Parties shall be released from their respective obligations and liabilities thereunder.

Following the satisfaction of the Transfer Agreement Conditions Precedent, the Parties shall proceed to completion under the Synthetic Ammonia Project Transfer Agreement and Anhua shall deliver all materials and information relating to the Synthetic Ammonia Project to Anyang Jiutian, so as to allow Anyang Jiutian to successful undertake the Synthetic Ammonia Project.

(d) Prevalence clause

The Synthetic Ammonia Project Transfer Agreement provides that in the event of any inconsistency between the contents of the Synthetic Ammonia Project Transfer Agreement and any previous agreement reached between Anhua and Anyang Jiutian on Anyang Jiutian's undertaking of the Synthetic Ammonia Project, the Synthetic Ammonia Project Transfer Agreement shall prevail.

3.3 The Synthetic Ammonia Project Land Arrangement

The agreement in relation to Anyang Jiutian's acquisition and lease of such land parcels comprising the Synthetic Ammonia Project Land from the Long'an District, Anyang City government (the "**Synthetic Ammonia Project Land Arrangement**") has not been entered into as at the date of this Circular. The Company envisages that the Synthetic Ammonia Project Land Arrangement will be entered into by the Long-Stop Date. Upon entry into the Synthetic Ammonia Project Land Arrangement, the Company will make an announcement(s) detailing the key terms thereof and where required, seek Shareholders' approval for the acquisition and/or lease of such land parcels comprising the Synthetic Ammonia Project Land.

3.4 Salient Terms of the Urea Facility Lease Agreement

Further to the Framework Agreement, the Parties have, on 5 March 2024, entered into the Urea Facility Lease Agreement, the salient terms of which are set out below. The Company will release announcements, where appropriate, to inform Shareholders of material developments that may occur in relation to the Urea Facility Lease Agreement. Subject to the adjustment to the rental fee for the Urea Production Facility as set out in Section 3.4(c) of this Circular, Shareholders' approval is sought for the entry into the Urea Facility Lease Agreement based on the Agreed Rental Fee (as defined below), and all subsequent and ancillary costs arising from the Urea Production Facility and the Urea Facility Lease Agreement.

(a) Urea Production Facility

The Urea Production Facility includes the relevant land, plant and urea production fixtures and other equipment and facilities, including electrical instruments, equipment and facilities ancillary to the urea plant, automotive urea and production facilities for the manufacture of a diversity of urea products. The list of assets that will be leased as part of the Urea Production Facility has been set out in the Urea Facility Lease Agreement, which may be further updated before the Urea Production Facility Handover Date to take into account any upgrading and reconstruction works to the Urea Production Facility as described in Section 3.4(e)(i) of this Circular. In relation to any equipment, facilities or fixtures that are not within the scope of the agreed list but required by Anyang Jiutian subsequently, the Parties shall come to an agreement separately.

In relation to maintenance work, including any overhaul work, maintenance of the electrical instruments and quality inspection, Anyang Jiutian may enter into a separate service agreement with other service providers.

(b) Term of the Urea Facility Lease Agreement

The Lease Term under the Urea Facility Lease Agreement is 20 years from the handover date of the Urea Production Facility. The Lease Term shall commence after the Lease Agreement Conditions Precedent have been satisfied, after the completion of the construction of the Synthetic Ammonia Production Facility and prior to its official commencement of production, on the date which preparatory work for the handover of the Urea Production Facility is completed and the Urea Production Facility is formally handed over to Anyang Jiutian (the "**Urea Production Facility Handover Date**"). Upon the expiration of the Lease Term and where applicable, subsequent lease terms, if Anyang Jiutian elects to renew the lease of the Urea Production Facility, Anhua shall renew the lease for a subsequent term of 20 years. Each renewal term shall commence from the day immediately following the end of the preceding lease term.

(c) Lease Amount

According to the Valuation Report, the market value of the annual rental fee for the lease of the Urea Production Facility per annum is RMB3,728,954 (or approximately S$0.70 million[15]).

The Parties have agreed that the rental fee for the Urea Production Facility for the Lease Term shall be RMB3,728,954 per annum (or approximately S$0.70 million[16]), which amounts to RMB74,579,080 (or approximately S$13.92 million[17]) in aggregate for the initial Lease Term (the "**Agreed Rental Fee**"). The Agreed Rental Fee is however subject to further adjustment as may be agreed between Anyang Jiutian and Anhua in writing (the adjusted rental fee shall be termed as the "**Adjusted Rental Fee**") based on any actual upgrading and reconstruction works done in relation to the Urea Production Facility by Anhua. In relation to the Adjusted Rental Fee, the Company will, if required under the Catalist Rules, seek Shareholders' approval at the appropriate time.

The Board is of the view that it is beneficial to the Group to execute the Urea Facility Lease Agreement and determine the Agreed Rental Fee at this stage and not closer to the Urea Production Facility Handover Date so as to secure urea production facilities to support the Proposed Diversification. It is believed that such urea production facilities with the production capacity that the Group requires for the New Business are not readily available in the market. In addition, the Urea Production Facility is in proximity to the Synthetic Ammonia Project Land, which allows for ease of management, inspection and maintenance of the production facilities. The Board has also assessed the investment in the Synthetic Ammonia Production Facility to be strategic to the Group's growth prospects.

[15] See footnote 5 above.
[16] See footnote 5 above.
[17] See footnote 5 above.

(d) Use of the Urea Production Facility

The Urea Facility Lease Agreement provides that the Urea Production Facility may be used for the approved manufacture, production and/or sale of urea by Anyang Jiutian.

(e) Handover Procedures

Upon the fulfilment of the Lease Agreement Conditions Precedent, the Parties shall prepare for and arrange the handover procedures for the Urea Production Facility as follows:

(i) Anhua has completed the upgrading and reconstruction works agreed between the Parties, which shall be based on the relevant report issued by China Huanqiu, to be verified by Anyang Jiutian, the third party appointed by Anyang Jiutian, and Anhua, through joint inspection;

(ii) The expenses incurred by Anhua in upgrading and remodelling the Urea Production Facility shall be borne by Anhua, and the Agreed Rental Fee shall be subject to adjustments based on such expenses incurred, and the details shall be agreed by the Parties at the appropriate time;

(iii) The utilities required by the Urea Production Facility for the manufacture and production of urea, such as water, electricity, steam and gas shall be used by Anyang Jiutian as needed, and shall be measured and charged according to the meter. The Parties shall sign a separate agreement on the use of such utilities. Such agreements will where applicable, be subject to the provisions in relation to interested person transactions under the Catalist Rules; and

(iv) The ancillary services required for the operation of the Urea Production Facility, such as maintenance, electrical instrumentation and quality inspection, business outsourcing and special train lines for cargo transportation, etc. shall be agreed by Anyang Jiutian with the respective service providers in corresponding service agreements.

(f) Rights and Obligations of the Parties

Pursuant to the Urea Facility Lease Agreement:

(i) Anhua shall, *inter alia*,

(A) Deliver the Urea Production Facility in accordance with the Urea Facility Lease Agreement to Anyang Jiutian for use on the Urea Production Facility Handover Date, ensure that the Urea Production Facility and its relevant ancillary facilities are in good condition and ready for use at the point of handover, having fulfilled safety measures and being in compliance with any requirements in respect of the environmental impact assessment and safety assessments and other policy requirements etc., in order for Anyang Jiutian to be able to use the Urea Production Facility for the production and sale of urea in accordance with the applicable laws and regulations;

(B) ensure that the Urea Production Facility is suitable for the agreed usage during the Lease Term, and that its construction, production and operation are in compliance with applicable laws, regulations and licences throughout the Lease Term;

(C) have the right to collect rent and other charges specified under the Urea Facility Lease Agreement;

(D) during the Lease Term, be responsible for the costs of the overall upgrading of relevant equipment etc. of the Urea Production Facility, and the ownership of the equipment shall be vested in Anhua, and corresponding adjustments shall be made to the Agreed Rental Fee, subject to Parties' mutual agreement;

(E) during the Lease Term, Anyang Jiutian shall have the right to use the Urea Production Facility in a normal and lawful manner without interference from Anhua or third parties, save for the necessary supervision, including that in relation to safety, environmental protection and fire control by Anhua, for the purposes of implementing or complying with the requirements of the relevant governmental authorities. In the event of interference from third parties, Anhua shall assist Anyang Jiutian in the resolution of such matters;

(F) undertake that, during the period in which Anyang Jiutian leases the Urea Production Facility (including the lease renewal period(s)), Anhua and the corporate entities controlled by Anhua will not directly or indirectly engage in the production and/or sale of urea within or outside the PRC in any of the following manner, including but not limited to: (1) directly or indirectly engaging in the business of production and/or sale of urea, (2) investing in, acquiring or merging with enterprises or entities engaged in the production and/or sale of urea, (3) engage in the business of production and/or sale of urea by way of trusteeship, contracting or leasing etc., (4) provide, or in any way, support or assist in terms of capital, business and technology to enterprises whose business competes with that of the Company's;

(G) following Anyang Jiutian's lease of the Urea Production Facility, provide Anyang Jiutian, at nil consideration, with the relevant intellectual property rights relating to the production and operation of the Urea Production Facility, as well as technical guidance and support to Anyang Jiutian's production and operation of the Urea Production Facility, so as to ensure that Anyang Jiutian can successfully commence operation of the Urea Production Facility;

(H) allow Anyang Jiutian to use the "豫珠" trademark for the marketing and sales of urea and related products, the terms and conditions of which shall be agreed in a separate trademark licensing agreement (being the Trademark Licensing Agreement); and

(I) undertake not to interfere with Anyang Jiutian's right to operate the Urea Production Facility in accordance with applicable laws, apart from maintaining reasonable supervision over production safety, environmental protection and fire safety, in Anhua's capacity as the owner of the Urea Production Facility, in accordance with applicable laws.

(ii) Anyang Jiutian shall, *inter alia*,

(A) pay Anhua the rental fee for the Urea Production Facility, as well as other expenses stipulated in the Urea Facility Lease Agreement;

(B) not use the Urea Production Facility for purposes other as stipulated in the Urea Facility Lease Agreement, and in respect of the Urea Production Facility, shall not do anything which contravenes any applicable laws, regulations, rules or requirements imposed by a governmental agency;

(C) during the Lease Term, bear all the maintenance costs of repair works, machinery and materials required for the operation of the Urea Production Facility and maintenance work required for the operation of the Urea Production Facility, including the spare parts needed;

(D) not make any structural additions or changes to the Urea Production Facility without Anhua's written consent, which, if reasonable, shall not be rejected by Anhua. In addition, Anyang Jiutian may, without Anhua's consent, make additions or changes primarily for decorative purposes, or, upon obtaining Anhua's consent, install such equipment and facilities as Anyang Jiutian deems necessary or appropriate so as to comply with applicable laws, regulations and standards on safety and environmental protection, provided that the structure of the Urea Production Facility shall not be altered. Anyang Jiutian may construct and install relevant structures or other devices and install and operate any machinery and equipment for the Urea Production Facility in accordance with the operational needs and with Anhua's written consent. Ownership in respect of equipment and facilities added or installed by Anyang Jiutian under the Urea Facility Lease Agreement shall be vested in Anyang Jiutian. If, in accordance with the requirements of the law, any of the foregoing requires the prior approval of the relevant governmental authorities, Anhua shall endeavour to assist Anyang Jiutian in obtaining all the necessary approvals and permits;

(E) allow Anhua or its agents to access the Urea Production Facility to inspect the condition of the Urea Production Facility, so as to allow Anhua to fulfil its obligations under the Urea Facility Lease Agreement;

(F) during the Lease Term, fully cooperate with Anhua in relation to matters which involve liaising with governmental authorities for regular inspections on the Urea Production Facility; and

(G) undertakes to use and take good care of the Urea Production Facility within the ordinary scope of its business so as to prevent unusual damage. If the Urea Production Facility is damaged due to improper or unreasonable use by Anyang Jiutian, Anyang Jiutian will be responsible for the repair of the Urea Production Facility.

(g) <u>Conditions Precedent</u>

The lease of the Urea Production Facility is subject to the satisfaction of the following conditions precedent:

(i) Anyang Jiutian having acknowledged the results of the due diligence exercise conducted as well as the proposal to resolve any issues identified, and there are no legal impediments that would materially affect the transactions contemplated under the Urea Facility Lease Agreement;

(ii) Anhua is the legal and beneficial owner of the Urea Production Facility and has the right to lease the Urea Production Facility to Anyang Jiutian, and there are no factors such as security interests, third party rights, prohibitions or restrictions by laws and regulations, orders of governmental agencies, judgments, rulings, or court orders that would affect the long-term lease of the Urea Production Facility;

(iii) Anhua has obtained or completed (as the case may be) all formalities including, *inter alia*, approvals, filings, licences or registrations, etc., of relevant internal and external authorities, including but not limited to Anhua's shareholders and/or board of directors, courts, governmental agencies such as state-owned assets supervisory agencies, creditors, administrators, etc. (as applicable), in respect of the lease of the Urea Production Facility to Anyang Jiutian, and such approvals, filings, licences or registrations have not been restricted or revoked since they have been obtained or completed (as the case may be);

(iv) Anyang Jiutian has obtained or completed (as the case may be) all internal and external approvals, filings, licences or registrations, etc., with relevant authorities in relation to the lease of the Urea Production Facility, including but not limited to the shareholders and/or the board of directors of Anyang Jiutian, as well as the approval of the Shareholders of the Company at the EGM, being the majority shareholder of Anyang Jiutian, the Board, regulatory bodies such as the SGX-ST and governmental bodies such as the Monetary Authority of Singapore (as applicable), and such approvals, filings, licences or registrations have not been restricted or revoked since they have been obtained or completed (as the case may be);

(v) all approvals, filings, registrations, permits and other formalities of the relevant PRC governmental authorities in respect of the lease of the Urea Production Facility from Anhua to Anyang Jiutian and the production and sale of urea by Anyang Jiutian have been obtained or completed (as the case may be); and

(vi) The Parties have reached an agreement for Anyang Jiutian to undertake the Synthetic Ammonia Project, and upon completion and fulfillment of the conditions precedent set out in the Synthetic Ammonia Project Transfer Agreement, and after the completion of the construction of the Synthetic Ammonia Production Facility and prior to its official commencement of production, the preparatory work for the handover of the Urea Production Facility is completed,

(the "**Lease Agreement Conditions Precedent**").

(h) <u>Prevalence clause</u>

The Urea Facility Lease Agreement provides that in the event of any inconsistency between the contents of the Urea Facility Lease Agreement and any previous agreement reached between Anhua and Anyang Jiutian in relation to the lease of the Urea Production Facility, the Urea Facility Lease Agreement shall prevail.

3.5 Salient Terms of the Trademark Licensing Agreement

Further to the Framework Agreement, the Parties have, on 5 March 2024, entered into the Trademark Licensing Agreement, the salient terms of which are set out below. The Company will release announcements, where appropriate, to inform Shareholders of material developments that may occur in relation to the Trademark Licensing Agreement.

(a) <u>Scope of licence</u>

Pursuant to the Trademark Licensing Agreement, Anhua is the owner of the following registered trademarks:

(i) registered trademark under Class 1 with registration number 223087, being the following:

豫 珠

; and

(ii) registered trademark under Class 35 with registration number 17973657A, being the following:

豫 珠

,

(collectively, the "**Licensed Trademarks**").

Pursuant to the Trademark Licensing Agreement, Anhua agrees to grant to Anyang Jiutian:

A. an exclusive licence in respect of the registered trademark with registration number 223087;

B. a non-exclusive general licence to use the registered trademark with registration number 17973657A; and

C. a general licence to use the copyright and other intellectual property rights (if any) corresponding to the foregoing licensed trademarks for the Licence Term (as defined below). For the avoidance of doubt, Anyang Jiutian has the licence to use the registered trademark consisting of the word "豫珠" singly or in combination with "YZ",

on a worldwide basis and in respect of urea (the "**Licence**") during the Licence Term. Pursuant to the Trademark Licensing Agreement, Anyang Jiutian is not required to pay any royalties or fees to Anhua for the use of the Licensed Trademarks during the Licence Term.

The term of the Licence commences on the effective date of the Trademark Licensing Agreement, which shall be the date on which the lease of the Urea Production Facility under the Urea Facility Lease Agreement commences, for a period of 20 years (the "**Licence Term**"). Within six months prior to the expiry of the Licence Term and where applicable, subsequent licence term(s), Anyang Jiutian may elect to renew the Trademark Licensing Agreement for a further period of 20 years, on the same term and conditions.

(b) <u>Use of Licensed Trademarks</u>

(i) Anyang Jiutian may use the Licensed Trademarks in its production and sales of urea, including but not limited to the use of the Licensed Trademarks in product logos and packaging, product promotional materials, advertisements and sales promotions, exhibitions and displays, online and offline stores, various sales activities, the signing of contracts with external parties and other commercial activities;

(ii) Anhua shall provide Anyang Jiutian with a clear electronic copy of the Licensed Trademarks. Anyang Jiutian shall not arbitrarily change the text, design and constitution of the Licensed Trademarks without the consent of Anhua;

(iii) During the Licence Term, Anhua is entitled to monitor the quality of the products manufactured by Anyang Jiutian to which the Licensed Trademarks are applied, and Anyang Jiutian shall ensure the quality of the products to which the Licensed Trademarks are applied;

(iv) Anhua agrees that Anyang Jiutian may grant sub-licences of the Licensed Trademarks to its agents, dealers and other subjects for the purpose of its urea production and sales within the scope set out under the Trademark Licensing Agreement for the marketing and sales of urea produced by Anyang Jiutian. Anyang Jiutian shall guide and supervise the agents and dealers in the use of the Licensed Trademarks, and be responsible to Anhua for the sub-licensees' use of the Licensed Trademarks; and

(v) Anyang Jiutian acknowledges and agrees that all rights and interests in the Licensed Trademarks shall belong to Anhua during the Licence Term. During the Licence Term, Anyang Jiutian shall not infringe Anhua's rights in the Licensed Trademarks or any other related rights.

3.6 Prior to the commencement of operations of the Synthetic Ammonia Production Facility and the Urea Production Facility, it is envisaged that Anyang Jiutian will enter into a separate agreement with Anhua in relation to Anhua's supply of utilities to Anyang Jiutian for the operations of the Synthetic Ammonia Production Facility and the Urea Production Facility. The Company will, if required under the Catalist Rules, seek Shareholders' approval for the interested person transaction at the appropriate time.

3.7 Source of Funds for the Proposed Investment

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 RMB474.58 million (or approximately S$88.6 million[18]) of the Investment Amount will be financed by internal funds of the Group and at least RMB1.2 billion (or approximately S$224.04 million[19]) 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 for the Proposed Investment.

Prior to the entry into the Framework Agreement, Anyang Jiutian had 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 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[20]), to *inter alia*, Parties' agreement on the terms and conditions for the financing.

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 <u>cannot be proceeded with</u>, if the required loan financing of at least RMB1.2 billion (or approximately S$224.04 million[21]) 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.

4 THE INTERESTED PERSON TRANSACTIONS THAT ARE PART OF THE PROPOSED INVESTMENT AND FURTHER INFORMATION ON THE PROPOSED INVESTMENT

4.1 Details of the interested person and entity at risk

As at the Latest Practicable Date, 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 in the capital of the Company (the "**Anyang Longyu Shares**") through its nominee, Phillip Securities Pte Ltd. By virtue of Section 4 of the SFA, 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 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 Catalist Rules.

4.2 Interested Person Transactions

The following interested person transactions are part of the Proposed Investment:

(a) payment of the Agreed Reimbursement Amount of up to RMB26 million (or approximately S$4.85 million[22]) by Anyang Jiutian to Anhua for reimbursement of the costs that it had incurred in respect of the Preliminary Work done in relation to the Synthetic Ammonia Project, pursuant to the Synthetic Ammonia Project Transfer Agreement, which will be subject to the Audit Committee's approval, pursuant to the Company's internal controls policy; and

[18] See footnote 5 above.
[19] See footnote 5 above.
[20] See footnote 5 above.
[21] See footnote 5 above.
[22] See footnote 5 above.

(b) payment by Anyang Jiutian to Anhua of RMB3,728,954 (or approximately S$0.70 million[23]) per annum, which amounts to RMB74,579,080 (or approximately S$13.92 million[24]) in aggregate for the lease of the Urea Production Facility for the initial Lease Term, pursuant to the Urea Facility Lease Agreement,

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

The Company had at its annual general meeting held on 26 April 2023, obtained Shareholders' approval for the renewal of the general mandate for interested person transactions. Save for the Proposed IPTs and as disclosed below, there are no other interested person transactions equal to or above S$100,000.

Name of interested person / Nature of relationship	**Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules)**	**Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)**
	1 January 2024 to the Latest Practicable Date	1 January 2024 to the Latest Practicable Date
Anhua	Security and fire protection service fees RMB0.83 million	Sales of repair material, industrial steams and electricity RMB0.91 million
	Project consultation fees RMB0.64 million	Purchase of raw materials RMB1.10 million
		Purchase of repair materials RMB0.60 million
		Rental income of equipment RMB0.18 million
		Rental expense of equipment RMB1.85 million
Anyang Jiulong Chemical Co., Ltd.	Nil	Sale of dimethylamine, repair materials and electricity RMB1.87 million
		Purchase of raw materials RMB6.68 million
Total	RMB1.47 million	RMB13.19 million

Save for Proposed IPTs and the transactions disclosed in Section 4.2 of this Circular, during the period from 1 January 2024 to the Latest Practicable Date:

A. there are no other interested person transactions entered into by the Group with Anhua and its associates; and

B. there are no other interested person transactions entered into by the Group and other interested persons.

[23] See footnote 5 above.
[24] See footnote 5 above.

4.3 Requirement for Shareholders' Approval

The total value of the interested person transactions under the Proposed Investment is:

(a) The Agreed Reimbursement Amount of up to RMB26 million (or approximately S$4.85 million[25]) to be paid by Anyang Jiutian to Anhua, pursuant to the Synthetic Ammonia Project Transfer Agreement, which represents approximately 2% of the Group's latest audited NTA of approximately RMB1.22 billion (or approximately S$227.77 million[26]) as at 31 December 2022; and

(b) The Agreed Rental Amount, i.e. the amount to be paid by Anyang Jiutian to Anhua for the lease of the Urea Production Facility for the initial Lease Term of RMB74,579,080 (or approximately S$13.92 million[27]), pursuant to the Urea Facility Lease Agreement, which represents approximately 6% of the Group's latest audited NTA,

(the "**Total Value of the Proposed IPTs**").

Pursuant to Rule 906(1)(a) of the Catalist Rules, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than, 5% of the group's latest audited NTA. As the Total Value of the Proposed IPTs exceeds 5% of the Group's latest audited NTA, the Proposed IPTs are conditional upon the approval of Shareholders. Pursuant to Rule 906(1)(b) of the Catalist Rules, in view that the Proposed IPTs are subject to approval of Shareholders at the upcoming EGM, if Shareholders' approval for the Proposed IPTs is obtained, the Proposed IPTs will not be subject to subsequent aggregation with other interested person transactions entered into with Anhua and/or its associates arising during FY2024.

A copy of the IFA Letter opining on whether the Proposed IPTs are on normal commercial terms and whether the Proposed IPTs are prejudicial to the interests of the Company and the minority shareholders is set out in **Appendix A** to this Circular.

4.4 Proforma Financial Effects of the Proposed Investment

The proforma financial effects of the Proposed Investment on the Group's NTA attributable to the owners of the Company per Share and the LPS of the Group are set out below. The proforma financial effects have been prepared based on the unaudited financial results of the Group for FY2023 and take into account the Proposed Investment, which includes the Agreed Reimbursement Amount and the Agreed Rental Fee. 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. The Synthetic Ammonia Production Facility is estimated to be constructed within the next two to three years following receipt of Shareholders' approval for the Proposed Transactions and the Synthetic Ammonia Project Handover Date, and this will be followed by the lease and operation of the Urea Production Facility, after the construction of the Synthetic Ammonia Production Facility is completed.

The costs to be incurred pursuant to the Proposed Investment are estimated to be incurred during the construction and implementation period and prior to the commencement of operations of the Synthetic Ammonia Production Facility and costs relating to the lease of the Urea Production Facility include the Agreed Rental Fee but have not included costs associated with the operation of the Urea Production Facility as the lease of the Urea Production Facility will only commence after the Synthetic Ammonia Production Facility has been constructed. Further, the actual terms of the loan financing between Anyang Jiutian and the lenders will only be finalised prior to the Synthetic Ammonia Project Handover Date.

[25] See footnote 5 above.
[26] See footnote 5 above.
[27] See footnote 5 above.

(a) **Effect on Group 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 2023, 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)	765,837	765,837
Number of issued Shares (excluding treasury shares) ('000)	1,988,444	1,988,444
NTA per Share (RMB cents)	38.51	38.51

(b) **Effect on LPS of the Group**

For illustrative purposes only, the proforma financial effects of the Proposed Investment on the LPS of the Group, assuming that the Proposed Investment had been completed on 1 January 2023, 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 loss (RMB'000)	346,729	346,729
Weighted average number of Shares ('000)	1,988,444	1,988,444
LPS (RMB cents)	17.44	17.44

(c) **Effect on gearing**

For illustrative purposes only, the proforma financial effects of the Proposed Investment on the Group's gearing, assuming that the Proposed Investment had been completed on 31 December 2023, 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
Bank borrowings (RMB'000)	265,884	1,465,884
Total equity (RMB'000)	765,837	765,837
Gearing ratio (%)[(1)]	35	191

Note:

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

(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.

4.5 Relative figures under Chapter 10 of the Catalist Rules

The table below sets out 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 FY2023. The figures take into account the potential impact of the Proposed Investment and matters described under the Definitive Agreements, which include the Agreed Reimbursement Amount and the Agreed Rental Fee for the Urea Production Facility for the initial Lease Term of RMB74,579,080 (or approximately S$13.92 million[28]).

Catalist Rule	Bases of computation	Relative figures (%)
Rule 1006(a)	The NAV of the assets to be disposed of, compared with the Group's NAV.	Not applicable(1)
Rule 1006(b)	The net profits(2) attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not applicable(2)
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	632(3)
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(4)
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(5)

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 has yet to be constructed and the Urea Production Facility did not generate any profit or loss in FY2023.

(3) This figure is computed by comparing (i) the Investment Amount against (ii) the market capitalisation of the Company of S$49,313,411. 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 4 March 2024, being the last market day whereby the Company's Shares were traded preceding the date of the Definitive Agreements. An exchange rate of RMB1:S$0.1866 extracted from Bloomberg L.P. as at 4 March 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.

4.6 The Proposed Investment as a major transaction under Chapter 10 of the Catalist Rules

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. As illustrated in Section 4.5 of this Circular, the relative figure in relation to the Proposed Investment computed on the base set out in Rule 1006(c) of the Catalist Rules exceeds 100%.

[28] See footnote 5 above.

The Company had submitted a letter to the SGX-ST (the "**Letter to SGX**") through the Sponsor, to seek a waiver from compliance with Rule 1015 of the Catalist Rules in respect of the Proposed Investment and for it to be treated as a major transaction under Rule 1014 of the Catalist Rules and accordingly, the requirements of Chapter 1015 of the Catalist Rules would not be applicable to the Proposed Investment (the "**Waiver**").

The Company had sought the Waiver for the following reasons:

(a) The requirements relating to a very substantial acquisition under Rule 1015 of the Catalist Rules relate substantially to transactions resulting in a change in the core business of the issuer and involving the injection of assets or businesses into an existing listed issuer. Accordingly, Rule 1015 of the Catalist Rules stipulates the same standards applicable to a business or company seeking a listing via a very substantial acquisition or a reverse takeover. In this instance, as elaborated upon below, such requirements would not be meaningful when applied to the Proposed Investment;

  (i) in relation to Rule 1015(1)(a)(ii) of the Catalist Rules, given that the Company is not purchasing any securities, existing business or undertaking from any party, the requirements under Rule 1015(1)(a)(ii) for the latest two years of historical financial information (of the assets to be acquired) and one year of proforma financial information (of the enlarged group) to be announced, would not be applicable to the Proposed Investment because the Proposed Investment contemplates the expenditure on the part of Company in respect of (i) capital expenditure to be incurred in relation to the construction of the Synthetic Ammonia Production Facility, (ii) the acquisition and lease of such land parcels comprising the Synthetic Ammonia Project Land from the local government on which the Synthetic Ammonia Production Facility is intended to be constructed, and (iii) the lease of the Urea Production Facility. Accordingly, there is no historical financial information associated with the Synthetic Ammonia Production Facility given that it has not been constructed and as for the Urea Production Facility, there is neither historical financial information nor proforma financial information (of the enlarged group) available because it is not a business undertaking or an entity, being a production facility that will be leased by Anyang Jiutian. Further, the Urea Production Facility has not been in operation since 2020;

  (ii) the Proposed Investment does not involve any issue of the Company's shares and would not result in a change of control of the Company; and

  (iii) in addition, the requirements under Rule 1015(2) read with Rule 406(3) of the Catalist Rules pertaining to the experience and expertise of the directors and executive officers of the business are not applicable because there is no incoming business that is being acquired as part of the Proposed Investment.

(b) Appropriate safeguards will also be undertaken by the Company, in compliance with applicable Catalist Rules, as follows:

  (i) Shareholders' approval for the Proposed Investment will be sought, as the Proposed Investment is proposed to be treated as a major transaction under Rule 1014 of the Catalist Rules, subject to the Waiver granted by the SGX-ST.

  (ii) This Circular contains the information pertaining to the Proposed Investment, including information required under Rules 1010, 1011, 1012 and 1013 of the Catalist Rules (where applicable), to allow Shareholders to deliberate on, *inter alia*, the Proposed Investment.

(iii) The Proposed Diversification is not conditional upon Shareholders' approval of the Proposed Investment and the Proposed IPTs. The Proposed Investment and Proposed IPTs are conditional upon Shareholders' approval of the Proposed Diversification, i.e. if the Proposed Diversification is not approved by Shareholders, neither the Proposed Investment nor the Proposed IPTs will be proceeded with. Further, the resolutions relating to the Proposed Investment and Proposed IPTs are inter-conditional, i.e. if Shareholders approve either of the Proposed Investment or the Proposed IPTs but not the other, neither the Proposed Investment nor the Proposed IPTs will be proceeded with. This is the case even if Shareholders approve the Proposed Diversification.

(iv) In compliance with Rule 919 of the Catalist Rules, which provides that an interested person and its associates must abstain from voting on the resolution approving the interested person transactions involving itself and its associates and that 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, 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 the Proposed IPTs, and (B) voting on the Proposed Investment and the Proposed IPTs.

As announced by the Company on 24 February 2024, the SGX-ST granted the Waiver on 23 February 2024 subject to the following:

(a) the Company announcing the Waiver granted, the reasons for seeking the Waiver, the conditions as required under Rule 106 of the Catalist Rules and if the Waiver conditions have been satisfied. If the Waiver conditions have not been met on the date of the announcement, the Company must make an update announcement when the conditions have all been met; and

(b) the Company complying with Rule 1014 of the Catalist Rules, including that the Proposed Investment be approved by Shareholders at an EGM to be convened.

The conditions required under Rule 106 of the Catalist Rules are as follows:

(i) The SGX-ST may waive or modify compliance with a listing rule (or part of a rule) either generally or to suit the circumstances of a particular case, unless the listing rule specifies that the SGX-ST will not waive it.

(ii) The SGX-ST may grant a waiver subject to such conditions, as it considers appropriate. If the SGX-ST waives a listing rule (or part of a rule) subject to a condition, the condition must be satisfied for the waiver to be effective.

(iii) Where a waiver is granted, the issuer must announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.

As at the date of this Circular, all the conditions of the Waiver have been complied with, save for the Shareholders' approval of the Proposed Investment to be obtained at the EGM. For further information, please refer to the Company's announcement dated 24 February 2024.

5 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, the Proposed Investment and/or the Proposed IPTs.

6 ABSTENTION FROM VOTING

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 will abstain, and has undertaken to ensure that 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 Ordinary Resolution 2 in respect of the Proposed Investment and Ordinary Resolution 3 in respect of the Proposed IPTs; and (b) voting on Ordinary Resolution 2 in respect of the Proposed Investment and Ordinary Resolution 3 in respect of the Proposed IPTs. Pursuant to Rule 1203(5) of the Catalist Rules, the Company will disregard any votes cast on (i) Ordinary Resolution 2 in respect of the Proposed Investment and (ii) Ordinary Resolution 3 in respect of the Proposed IPTs by any of Anhua and/or its associates.

Further, each of Anhua and its associates undertakes to decline to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the Ordinary Resolution 2 on the Proposed Investment and the Ordinary Resolution 3 on the Proposed IPTs, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the EGM.

7 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the Company has an existing issued and paid-up share capital of S$147,792,385 comprising 1,988,444,000 Shares. The interests of Directors and Substantial Shareholders in the Shares of the Company, as at the Latest Practicable Date, are as follows:

	No. of shares registered in the name of the Director/ Substantial Shareholder	No. of shares in which Director/ Substantial Shareholder is deemed to be interested	Total Number of Shares	Percentage of Issued Shares (%)[1]
Directors				
Xu Aijun	–	–	–	–
Lee Chee Seng	11,250,000	22,419,000[2]	33,669,000	1.69
Wu Yu Liang	300,000	–	300,000	0.015
Chan Kam Loon	–	–	–	–
Gao Guoan	–	–	–	–
Song Fudong	–	–	–	–
Wang Gang	–	–	–	–
Chen Mingjin	–	–	–	–
Koh Eng Kheng Victor	–	–	–	–
Substantial Shareholders (other than Directors)				
Anyang Longyu	–	502,429,900[3]	502,429,900	25.27
Anhua	–	502,429,900[4]	502,429,900	25.27
HNEC	–	502,429,900[4]	502,429,900	25.27

Notes:

(1) Based on 1,988,444,000 Shares as at the Latest Practicable Date. The Company does not hold any treasury shares.

(2) Mr. Lee Chee Seng is deemed to have an interest in 22,419,000 Shares held through his nominee, Credit Suisse AG, Singapore Branch.

(3) Anyang Longyu is deemed interested in 502,429,900 Shares held through its nominee, Phillip Securities Pte Ltd.

(4) Anhua holds 100% of the issued share capital of Anyang Longyu and HNEC holds 77.04% of the issued share capital of Anhua. Accordingly, Anhua and HNEC are deemed to be interested in the Shares held by Anyang Longyu by virtue of Section 4 of the SFA.

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

8 IFA'S OPINION IN RESPECT OF THE PROPOSED IPTS

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company has appointed ZICO Capital Pte. Ltd. as the IFA to advise the Non-Interested Directors on whether the terms of the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter containing in full the advice and opinion of the IFA is set out in **Appendix A** to this Circular, and Shareholders are advised to read the IFA Letter carefully.

Having considered carefully the information available to the IFA as at the Latest Practicable Date and based on the analyses undertaken, the IFA is of the opinion that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Further, the IFA would like to highlight that the above and the analyses in the IFA Letter are based upon market, economic, industry, monetary and other conditions prevailing as well as information made available to the IFA as at the Latest Practicable Date. The IFA assumes no responsibility to update, revise or reaffirm its opinion in light of any subsequent developments after the Latest Practicable Date that may affect its opinion contained in the IFA Letter.

9 AUDIT COMMITTEE'S STATEMENT IN RESPECT OF THE PROPOSED IPTS

All members of the Audit Committee do not have any interests in the Proposed IPTs and are accordingly deemed to be independent for the purposes of the Proposed IPTs.

Having reviewed, *inter alia*, the terms and rationale of the Proposed IPTs, the financial effects thereof, the Valuation Report, as well as the IFA Letter, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

10 DIRECTORS' RECOMMENDATIONS

10.1 The Proposed Diversification

Having considered the rationale and the information relating to the Proposed Diversification and all other relevant facts set out in this Circular, the Directors are of the opinion that the Proposed Diversification is in the best interests of the Shareholders and accordingly recommend that Shareholders vote in favour of Ordinary Resolution 1 relating to the Proposed Diversification, to be proposed at the EGM as set out in the Notice of EGM.

10.2 The Proposed Investment

Having considered the terms and conditions of the Definitive Agreements, the Valuation Report, the rationale for and the financial effects of the Proposed Investment and all other relevant facts set out in this Circular, the Non-Interested Directors are of the opinion that the Proposed Investment is in the best interests of the Company, and recommend that Shareholders vote in favour of Ordinary Resolution 2 relating to the Proposed Investment, to be proposed at the EGM as set out in the Notice of EGM.

10.3 The Proposed IPTs

Having considered the terms and conditions of the Definitive Agreements, the Valuation Report, the rationale for and the financial effects of the Proposed IPTs and all other relevant facts set out in this Circular, including the opinion given by the IFA in the IFA Letter, the Non-Interested Directors are of the opinion that the Proposed IPTs are in the best interests of the Company, and recommend that Shareholders vote in favour of Ordinary Resolution 3 relating to the Proposed IPTs, to be proposed at the EGM as set out in the Notice of EGM.

11 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out at pages N-1 to N-4 of this Circular, will be held at Ballroom 1, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on 20 March 2024 at 10.00 a.m., for the purpose of considering and, if thought fit, passing with or without any modification(s), the Ordinary Resolutions set out in the Notice of EGM.

12 CONDITIONALITY OF THE RESOLUTIONS TO BE PASSED

In voting for the ordinary resolutions set out in the Notice of EGM, Shareholders should note that the passing of Ordinary Resolution 1 on the Proposed Diversification is not conditional upon Shareholders' approval of Ordinary Resolution 2 on the Proposed Investment and/or Ordinary Resolution 3 on the Proposed IPTs. This would mean that the Company can proceed with the Proposed Diversification if Ordinary Resolution 1 is approved by Shareholders, even if Ordinary Resolution 2 and Ordinary Resolution 3 are not passed. The passing of Ordinary Resolution 2 on the Proposed Investment and Ordinary Resolution 3 on the Proposed IPTs are conditional upon Shareholders' approval of Ordinary Resolution 1 on the Proposed Diversification, i.e. if Ordinary Resolution 1 on the Proposed Diversification is not approved by Shareholders, neither Ordinary Resolution 2 on the Proposed Investment nor Ordinary Resolution 3 on the Proposed IPTs will be proceeded with.

Further, Shareholders should note that Ordinary Resolution 2 on the Proposed Investment and Ordinary Resolution 3 on the Proposed IPTs are inter-conditional upon each other. This means that if either of Ordinary Resolution 2 on the Proposed Investment or Ordinary Resolution 3 on the Proposed IPTs is not approved by Shareholders, both Ordinary Resolution 2 on the Proposed Investment and Ordinary Resolution 3 on the Proposed IPTs will not be passed.

13 ACTION TO BE TAKEN BY SHAREHOLDERS

13.1 Submission of Proxy Forms to vote

The EGM will be convened in a physical format only and there will be no option for Shareholders to participate virtually. Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice of EGM in accordance with the instructions printed thereon as soon as possible and by completing and submitting the duly completed Proxy Form to the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619, by 10.00 a.m. (Singapore time) on 17 March 2024, and in default the Proxy Form shall not be treated as valid. Hardcopies of the Notice of EGM, Proxy Form and Request Form will be sent by post to Shareholders. Alternatively, Shareholders may access the Proxy Form on the website of the SGX-ST at https://www.sgx.com/securities/company-announcements and the Company's website at http://www.jiutianchemical.com.sg/, and thereafter download, complete and sign the Proxy Form, before submitting it by post to the address provided above. The completion and return of the Proxy Form by such Shareholder will not prevent him from attending and voting at the EGM in person if he so wishes.

13.2 Submission of Questions in Advance

Shareholders can submit substantial and relevant questions relating to the Resolutions to be tabled for approval at the EGM, in advance of the EGM, to the Company in the following manner:

(i) Shareholders may submit their questions by post, to be deposited at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619; or

(ii) Shareholders may submit their questions electronically via email to nghankiat@jiutianchemical.com,

in each case, by 5.00 p.m. on 12 March 2024 (the "**Cut-Off Time**").

When submitting substantial and relevant questions electronically via email or by post, Shareholders must provide the Company with the following details to enable the Company to verify their status as Shareholders: (a) status: individual shareholder or corporate representative; (b) full name/full company name (as per CDP/CPF/SRS/Scrip-based records); (c) NRIC/FIN/ Passport number/ Registration number; (d) email address; and (e) contact number (optional).

Persons who hold Shares through Relevant Intermediaries (as defined under Section 181(6) of the Companies Act) (other than CPF/SRS investors) should contact their respective Relevant Intermediaries through which they hold such Shares to submit their questions relating to the Resolutions to be tabled for approval at the EGM based on the abovementioned instructions.

The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the EGM, before or during the EGM. The responses to substantial and relevant questions received from Shareholders by the Cut-Off Time will be posted on SGXNet and the Company's corporate website at the URL http://www.jiutianchemical.com.sg/ before 10.00 a.m. on 15 March 2024, being at least forty-eight (48) hours prior to the closing date and time for the lodgement of the Proxy Form. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (relating to the Resolutions to be tabled for approval at the EGM) received after the Cut-Off Time which have not already been addressed prior to the EGM, as well as those substantial and relevant questions received at the EGM, during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

14 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Diversification, the Proposed Investment, the Proposed IPTs, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

15 CONSENTS

15.1 ZICO Capital Pte. Ltd., the IFA, has given and has not withdrawn its consent to the issue of this Circular with the inclusion of its name and all references to its name, the IFA Letter as set out in **Appendix A** to this Circular and all references to the IFA Letter in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

15.2 Tianyuan Assets Appraisal Co., Ltd., the Independent Valuer, has given and has not withdrawn its consent to the issue of this Circular with the inclusion of its name and all references to its name, the Independent Valuation Summary Letter as set out in **Appendix B** to this Circular and the Valuation Report and all references to the Independent Valuation Summary Letter and the Valuation Report, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

16 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are 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 3 months from the date of this Circular:

(a) the constitution of the Company;

(b) the annual report of the Company for FY2022;

(c) the unaudited financial report of the Company for FY2023;

(d) the Framework Agreement;

(e) the Synthetic Ammonia Project Transfer Agreement;

(f) the Urea Facility Lease Agreement;

(g) the Trademark Licensing Agreement;

(h) the IFA Letter by the Independent Financial Adviser set out in **Appendix A** to this Circular;

(i) the Independent Valuation Summary Letter set out in **Appendix B** to this Circular;

(j) the Valuation Report; and

(k) the consent letters stated in Section 15 of this Circular.

Yours faithfully
For and on behalf of the Board of Directors of Jiutian Chemical Group Limited

Xu Aijun
Non-Executive and Non-Independent Chairman

5 March 2024

Jiutian Chemical Group Limited
9 Raffles Place
#26-01, Republic Plaza
Singapore 048619

To: The Directors of Jiutian Chemical Group Limited who are non-conflicted for the purposes of the Proposed Investment and Proposed IPTs (as defined herein)

Mr. Lee Chee Seng
Mr. Wu Yu Liang
Mr. Chan Kam Loon
Mr. Gao Guoan
Mr. Chen Mingjin
Mr. Koh Eng Kheng Victor

(collectively, the "**Non-Interested Directors**")

Dear Sirs,

LETTER FROM THE IFA TO THE NON-INTERESTED DIRECTORS IN RESPECT OF THE PROPOSED INTERESTED PERSON TRANSACTIONS

*Unless otherwise defined or the context otherwise requires, all capitalised terms used in this letter shall have the same meaning as defined in the circular to shareholders of Jiutian Chemical Group Limited (the "**Company**", and together with its subsidiaries, the "**Group**") dated 5 March 2024 (the "**Circular**").*

*Unless otherwise stated, the Singapore dollar ("**S$**") equivalent for all Renminbi ("**RMB**") amounts stated in this IFA Letter have been converted based on the exchange rate of RMB1.00: S$0.1867 as at 27 February 2024 (the "**Latest Practicable Date**") extracted from Bloomberg L.P..*

1. INTRODUCTION

1.1 Proposed Investment

On 11 January 2024, the Company's wholly owned subsidiary, Anyang Jiutian Fine Chemical Co., Ltd. ("**Anyang Jiutian**") entered into a framework agreement (the "**Framework Agreement**") with Anyang Chemical Industry Group Co., Ltd. ("**Anhua**" and together with Anyang Jiutian, the "**Parties**"), 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 the Circular.

The Framework Agreement consisted of the following:

(a) Synthetic Ammonia Project – subject to available financing as set out in Section 3.7 of the Circular, an investment to construct new production facilities to manufacture, produce and sell synthetic ammonia (the "**Synthetic Ammonia Production Facility**"), which involves the acquisition and lease of such land parcels comprising the land on which the Synthetic

Ammonia Production Facility is intended to be constructed (“the "**Synthetic Ammonia Project Land**"), and the project, (the "**Synthetic Ammonia Project**"); and

(b) Urea Production Facility - the lease of the intangible assets and fixed assets comprising the existing production facility for the manufacturing and production of urea (inclusive of land use rights, buildings, and equipment in respect of the urea production facility) (the "**Urea Production Facility**") with a production capacity of 200,000 tonnes of urea per annum, from Anhua to Anyang Jiutian. The lease contemplates an initial lease term of 20 years ("**Lease Term**"), and upon the expiry of such initial Lease Term, Anyang Jiutian shall have the right to renew the lease for a further 20 years in priority to other parties on the same terms and conditions.

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

Further details on the Proposed Investment can be found in Section 3 of the Circular.

Following Anyang Jiutian’s entry into the Framework Agreement, the Parties have entered into the following definitive documentation to implement the transactions and arrangements envisaged:

(a) the agreement for Anyang Jiutian to take over the construction and implementation of the Synthetic Ammonia Project from Anhua (the "**Synthetic Ammonia Project Transfer Agreement**"). Details of the salient terms of the Synthetic Ammonia Project Transfer Agreement can be found in Section 3.2 of the Circular;

(b) the lease of the Urea Production Facility to Anyang Jiutian, subject to the conditions precedent of the Framework Agreement being met and Parties’ entry into the definitive lease agreement (the “**Urea Facility Lease Agreement**”). Details of the salient terms of the Urea Facility Lease Agreement can be found in Section 3.4 of the Circular; and

(c) the trademark licensing agreement between the Parties whereby Anhua shall 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 (the “**Trademark Licensing Agreement**”). Details of the salient terms of the Trademark Licensing Agreement can be found in Section 3.5 of the Circular.

(collectively, the "**Definitive Agreements**").

The salient details of the Definitive Agreements can be found in Sections 3.2, 3.4 and 3.5 of the Circular, respectively.

1.2 Proposed Diversification

The Group is presently engaged in the manufacturing and production of dimethylformamide ("**DMF**"), methylamine, sodium hydrosulfate and dimethylaccetamide (DMAC), as well as the processing and sale of consumable carbon dioxide (the “**Existing Business**”).

In addition to the Proposed Investment, the Company had also announced its intention to diversify its business and expand its core business to include the following, as and when 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 (collectively the "**New Business**").

Further details on the Proposed Diversification can be found in Section 2 of the Circular.

Accordingly, the Company will be convening an extraordinary general meeting to seek independent Shareholders' approval in relation thereto.

1.3 Interested Person Transactions

As at the Latest Practicable Date, 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 in the capital of the Company (the "**Anyang Longyu Shares**") through its nominee, Philip Securities Pte. Ltd, and 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 Catalist of the SGX-ST (the "**Catalist Rules**").

The following interested person transactions are part of the Proposed Investment:

(a) payment of the Agreed Reimbursement Amount of up to RMB26 million (or approximately S$4.85 million) by Anyang Jiutian to Anhua for reimbursement of the costs that it had incurred in respect of the Preliminary Work done in relation to the Synthetic Ammonia Project, pursuant to the Synthetic Ammonia Project Transfer Agreement, which will be subject to the Audit Committee's approval, pursuant to the Company's internal controls policy; and

(b) payment by Anyang Jiutian to Anhua of RMB3,728,954 (or approximately S$0.70 million) per annum, which amounts to RMB74,579,080 (or approximately S$13.92 million) in aggregate for the lease of the Urea Production Facility for the initial Lease Term, pursuant to the Urea Facility Lease Agreement.

Agreed Reimbursement Amount refers to the Preliminary Work Costs, whereby the Parties shall designate personnel for the verification of such costs, and the final quantum of the reimbursement amount, which shall not exceed RMB26 million, shall be mutually agreed by the Parties in writing.

*Preliminary Work Costs refer to costs that Anhua has paid and will pay, in respect of past, present and ongoing preliminary work done and/or undertaken in relation to the Synthetic Ammonia Project up to the Synthetic Ammonia Project Handover Date, including but are not limited to costs and expenses incurred and to be incurred on an ongoing basis in relation to (i) costs paid and payable to third parties by Anhua for, among others, governmental fees, technical work, survey and design, construction and installation work and the handling of governmental formalities; and (ii) Anhua's in-house administrative and office costs, staff salaries and travelling expenses of such staff members (collectively, the "**Preliminary Work**"), provided that the costs are in relation to Preliminary Work undertaken from May 2017, up till the Synthetic Ammonia Project Handover Date and if such handover takes place on the Long-Stop Date of 30 June 2024, the Preliminary Work Costs which the Company shall reimburse Anhua shall be up to RMB26 million (or approximately S$4.85 million)* (collectively, the "**Proposed IPTs**").

The consideration of the Proposed IPTs to be paid by Anyang Jiutian to Anhua pursuant to the Proposed Investment is: (a) The Agreed Reimbursement Amount of up to RMB26 million (or approximately S$4.85 million) to be paid by Anyang Jiutian to Anhua, pursuant to the Synthetic Ammonia Project Transfer Agreement, which represents approximately 2.0% of the Group's latest audited net tangible asset ("**NTA**") of approximately RMB1.22 billion (or approximately S$227.77 million) as at 31 December 2022; and (b) the Agreed Rental Amount, i.e. the amount to be paid by Anyang Jiutian to Anhua for the lease of the Urea Production Facility for the initial Lease Term of approximately RMB74,579,080 (or approximately S$13.92 million), pursuant to the Urea Facility Lease Agreement, which represents approximately 6.0% of the Group's latest audited NTA, (the "**Total Value of the Proposed IPTs**").

As the Total Value of the Proposed IPTs exceeds 5.0% of the Group's latest audited NTA as at 31 December 2022, the Proposed IPTs are conditional upon the approval of Shareholders.

Further details on the Proposed IPTs can be found in Section 4 of the Circular.

1.4 Appointment of ZICO Capital

ZICO Capital Pte. Ltd. ("**ZICO Capital**") has been appointed by the Company as the independent financial adviser ("**IFA**") to advise the Non-Interested Directors for the purposes of making their recommendation to the independent Shareholders in respect of the Proposed IPTs.

This IFA letter ("**IFA Letter**") has been prepared pursuant to Chapter 9 of the Catalist Rules as well as for use by the Non-Interested Directors to provide an opinion on whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This IFA Letter forms part of the Circular in relation to the Proposed IPTs to be despatched to Shareholders, and should be read in its entirety.

2. TERMS OF REFERENCE

We have confined our evaluation and analysis strictly to the Proposed IPTs. **For the avoidance of doubt, this IFA Letter does not include an assessment of, and our opinion on, the renewal of the lease of the Urea Production Facility for a further 20 years upon the expiration of the initial Lease Term.**

Our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic and commercial risks and/or merits (if any) of the Proposed IPTs, or on the future financial performance or prospects of the Group, or to compare the relative merits of the Proposed IPTs with alternative transactions considered by the Company (if any) or which may otherwise be available to the Company currently or in the future, and we have not made such evaluations or comments. Such evaluations or comments shall remain the sole responsibility of the directors (the "**Directors**") and the management (the "**Management**") of the Company although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion and recommendations as set out in this IFA Letter.

It is also not within the scope of our appointment to express any view herein as to the prices at which the Shares may trade or on the future performance of the Company and/or the Group upon the completion or expiry of the Proposed IPTs. We have not relied upon any financial projections or forecasts in respect of the Company or the Group. We are not required to express, and we do not express, any views on the growth prospects, earnings potential, future financial performance, or future financial position of the Company or the Group arising from the Proposed IPTs, in connection with our opinion in this IFA Letter. We were not involved in, or responsible for, any aspect in the negotiations pertaining to the Proposed IPTs, nor were we involved in the deliberations leading up to the decision on the part of the Directors to propose the Proposed IPTs. We do not, by this IFA Letter, warrant the merits of the Proposed IPTs other than to express an opinion on whether the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In the course of our evaluation of the Proposed IPTs, we have held discussions with the Directors and the Management and have also examined and relied to a considerable extent on the information set out in the Circular, other publicly available information collated by us as well as information, representations, opinions, facts and statements provided to us, both written and verbal, provided to us by the Directors and the Management. Whilst care has been exercised in reviewing the information upon which we have relied, we have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any warranty or representation, expressed or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and exercised judgement on the reasonable use of such information, as were deemed necessary, and have found no reason to doubt the accuracy or reliability of the information and representations.

We have relied upon the assurances from the Directors and the Management (including those who may have delegated detailed supervision of the Circular), who have accepted full responsibility for the accuracy and completeness of the information provided to us, that, to the best of their knowledge and belief, they have taken reasonable care to ensure that the facts stated and opinions expressed by them or the Company in the Circular are fair and accurate in all material aspects. The Directors have confirmed to us that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed IPTs and the Group, and the Directors are not aware of any facts, the omission of which would cause any statement in the Circular in respect of the Proposed IPTs and the Group to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not made an independent evaluation or appraisal of the assets and liabilities (including without limitation, property, plant and equipment) of the Group and have not been furnished with any such evaluation or appraisal. However, we have been furnished with the valuation report for the valuation of the annual rental of intangible assets and fixed assets comprising the Urea Production Facility held by Anhua to be leased by Anyang Jiutian (the "**Valuation Report**") prepared by the independent valuer, namely, Tianyuan Assets Appraisal Co., Ltd. (the "**Independent Valuer**") as at 31 December 2023 ("**Valuation Date**"). We are not experts and do not regard ourselves to be experts in the valuation of businesses or assets. Accordingly, we have taken into consideration the Valuation Report, and have not made any independent verification of the contents thereof. Therefore, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of the Valuation Report. The summary of the market value of the annual rental of the intangible assets (being the land use rights) and the fixed assets (being the buildings and equipment) of the Urea Production Facility as set out in the Independent Valuation Summary Letter dated 5 March 2024 ("**Valuation Summary Letter**") prepared by the Independent Valuer is set out in Appendix B of the Circular.

Our opinion set out in this IFA Letter is based upon market, economic, industry, monetary and other conditions prevailing, as well as information made available to us, as at the Latest Practicable Date. Such conditions and information may change significantly over a short period of time. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent developments after the Latest Practicable Date that may affect our opinion contained therein. Shareholders should take note of any announcements relevant to their consideration of the Proposed IPTs, which may be released after the Latest Practicable Date.

In rendering our advice and providing our opinion and recommendation, we did not have regard to the specific investment objectives, financial situation, tax position, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. As different Shareholders would have different investment profiles and objectives, we would advise the Directors to recommend that any Shareholder who may require specific advice in relation to his investment objective(s) or portfolio(s) should consult his legal, financial, tax or other professional advisers immediately.

The Company has been advised by its own legal advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter) and our responsibility is as set out above in relation to this IFA Letter. Accordingly, we take no responsibility for, and express no views, whether expressed or implied, on the contents of the Circular (except for this IFA Letter and the extract of our opinion and recommendation in the Circular).

We have prepared this IFA Letter for use by the Non-Interested Directors in connection with their consideration of the Proposed IPTs, but any recommendations made by the Non-Interested Directors in respect of the Proposed IPTs shall remain their sole responsibility.

Whilst a copy of this IFA Letter may be reproduced in the Circular and made available for inspection at the Company's registered office as set out in Section 16 of the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for purposes, other than relating to the Proposed IPTs, at any time and in any manner without the prior written consent of ZICO Capital.

Our opinion and recommendation in relation to the Proposed IPTs should be considered in the context of the entirety of this IFA Letter and the Circular.

3. THE PROPOSED IPTS

3.1 Reimbursement Amount IPT

Further to the Framework Agreement, the Parties have, on 5 March 2024, entered into the Synthetic Ammonia Project Transfer Agreement, pursuant to which Anhua will, amongst others, (i) transfer the Preliminary Work and the results thereof to Anyang Jiutian to the extent it is legally permissible; (ii) procure third parties' agreement to issue the relevant approvals, registrations, filings, licences, opinions, reports, designs and other written documents to Anyang Jiutian; (iii) cooperate with Anyang Jiutian in the application and implementation of loan financing required for the Synthetic Ammonia Project from financial institutions; and (iv) cooperate with Anyang Jiutian to handle formalities for the use of the Synthetic Ammonia Project Land in accordance with applicable laws and regulations.

3.1.1 <u>Agreed Reimbursement Amount in respect of preliminary costs incurred in connection with the Synthetic Ammonia Project</u>

In respect of the Preliminary Work Costs, the Parties shall designate personnel for the verification of such costs, and the final quantum of the reimbursement amount, which shall not exceed RMB26 million, shall be mutually agreed by the Parties in writing (the "**Agreed Reimbursement Amount**"). The Audit Committee shall (a) review the work done by the management of the

Company and Anyang Jiutian to verify the Agreed Reimbursement Amount, and (b) approve the Agreed Reimbursement Amount as part of the Company's internal controls.

3.1.2 Conditions Precedent

The completion of transfer of the Synthetic Ammonia Project from Anhua to Anyang Jiutian is conditional upon, *inter alia*, the Synthetic Ammonia Project is a legally valid project, Anhua is the entity entitled to undertake the construction of the Synthetic Ammonia Production Facility, approvals from regulatory authorities including the SGX-ST and the relevant PRC governmental authorities, and obtaining all the approvals, filings, licences and registrations in relation to the Synthetic Ammonia Project.

Further details on the salient terms of the Synthetic Ammonia Project Transfer Agreement, including but not limited to the rights and obligations of the Parties, the Agreed Reimbursement Amount and conditions precedent in relation to the Synthetic Ammonia Project can be found in Section 3.2 of the Circular.

3.2 Urea IPT

Further to the Framework Agreement, the Parties have, on 5 March 2024, entered into the Urea Facility Lease Agreement, pursuant to which Anyang Jiutian will lease the Urea Production Facility from Anhua.

(a) Urea Production Facility

The Urea Production Facility includes the relevant land, plant and urea production fixtures and other equipment and facilities, including electrical instruments, equipment and facilities ancillary to the urea plant, automotive urea and production facilities for the manufacture of a diversity of urea products.

The list of assets that will be leased as part of the Urea Production Facility has been set out in the Urea Facility Lease Agreement, which may be further updated before the Urea Production Facility Handover Date to take into account any upgrading and reconstruction works to the Urea Production Facility as described in Section 3.4(e)(i) of the Circular. In relation to any equipment, facilities or fixtures that are not within the scope of the agreed list but required by Anyang Jiutian subsequently, the Parties shall come to an agreement separately.

In relation to maintenance work, including any overhaul work, maintenance of the electrical instruments and quality inspection, Anyang Jiutian may enter into a separate service agreement with other service providers.

(b) Lease Term and Lease Amount

The Lease Term under the Urea Facility Lease Agreement is 20 years from the handover date of the Urea Production Facility. The Lease Term shall commence after the Lease Agreement Conditions Precedent have been satisfied, after the completion of the construction of the Synthetic Ammonia Production Facility and prior to its official commencement of production, on the date which preparatory work for the handover of the Urea Production Facility is completed and the Urea Production Facility is formally handed over to Anyang Jiutian (the "**Urea Production Facility Handover Date**"). Upon the expiration of the Lease Term and where applicable, subsequent lease terms, if Anyang Jiutian elects to renew the lease of the Urea Production Facility, Anhua shall renew the lease for a subsequent term of 20 years. Each renewal term shall commence from the day immediately following the end of the preceding lease term.

The Parties have agreed that the rental fee for the Urea Production Facility for the Lease Term is RMB3,728,954 (or approximately S$0.70 million) per annum and RMB74,579,080 (or approximately S$13.92 million) in aggregate for the initial Lease Term (the "**Agreed Rental Fee**"). The Agreed Rental Fee is however subject to further adjustment as may be agreed between Anyang Jiutian and Anhua in writing (the adjusted rental fee shall be termed as the "**Adjusted Rental Fee**") based on any actual upgrading and reconstruction works done in relation to the Urea Production Facility by Anhua. In relation to the Adjusted Rental Fee, the Company will, if required under the Catalist Rules, seek Shareholders' approval at the appropriate time.

Further details on the salient terms of the Urea Facility Lease Agreement, including but not limited to the handover procedures, use of Urea Production Facility and the rights and obligations of the Parties can be found in Section 3.4 of the Circular.

3.2.1 Lease Agreement Conditions Precedent

The Lease Agreement is subject to the satisfaction of the following conditions precedent:

(a) Anyang Jiutian having acknowledged the results of the due diligence exercise conducted as well as the proposal to resolve any issues identified, and there are no legal impediments that would materially affect the transactions contemplated under the Urea Facility Lease Agreement.

(b) Anhua is the legal and beneficial owner of the Urea Production Facility and has the right to lease the Urea Production Facility to Anyang Jiutian, and there are no factors such as security interests, third party rights, prohibitions or restrictions by laws and regulations, orders of governmental agencies, judgments, rulings, or court orders that would affect the long-term lease of the Urea Production Facility.

(c) Anhua has obtained or completed (as the case may be) all formalities including, *inter alia,* approvals, filings, licenses or registrations etc., of relevant internal and external relevant authorities, including but not limited to Anhua's shareholders and/or board of directors, courts, governmental agencies such as state-owned assets supervisory agencies, creditors, administrators, etc. (as applicable), in respect of the lease of the Urea Production Facility to Anyang Jiutian, and such approvals, filings, licences or registrations have not been restricted or revoked since they have been obtained or completed (as the case may be).

(d) Anyang Jiutian has obtained or completed (as the case may be) all internal and external approvals, filings, licences or registrations, etc., with relevant authorities in relation to the lease of the Urea Production Facility, including but not limited to the shareholders and/or the board of directors of Anyang Jiutian, as well as the approval of the Shareholders of the Company at the EGM, being the majority shareholder of Anyang Jiutian, the Board, regulatory bodies such as the SGX-ST and governmental bodies such as the Monetary Authority of Singapore (as applicable), and such approvals, filings, licences or registrations have not been restricted or revoked since they have been obtained or completed (as the case may be).

(e) All approvals, filings, registrations, permits and other formalities of the relevant PRC governmental authorities in respect of the lease of the Urea Production Facility from Anhua to Anyang Jiutian and the production and sale of urea by Anyang Jiutian have been obtained or completed (as the case maybe).

(f) Both Anhua and Anyang Jiutian have reached an agreement for Anyang Jiutian to undertake the Synthetic Ammonia Project, and upon completion and fulfillment of the conditions precedent set out in the Synthetic Ammonia Project Transfer Agreement, and after the completion of the construction of the Synthetic Ammonia Production Facility and prior to its official commencement of production, the preparatory work for the handover of the Urea Production Facility is completed.

4. FINANCIAL HIGHLIGHTS

4.1 Summary of historical financial performance of the Group

A summary of the audited consolidated statement of profit or loss and other comprehensive income of the Group for the financial years ended 31 December 2021 ("**FY2021**") and 31 December 2022 ("**FY2022**"), as well as the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2023 ("**FY2023**") are set out below:

RMB'000	**FY2021**	**FY2022**	**FY2023**
Revenue	2,173,310	2,434,843	598,563
Gross profit / (loss)	675,621	708,413	(260,178)
Gross profit / (loss) margin	*31.1%*	*29.1%*	*n.m.*[(1)]
Profit / (loss) and total comprehensive income / (loss) for the year	324,488	490,373	(346,729)
Profit / (loss) and total comprehensive income / (loss) for the year attributable to equity holders of the Company	324,901	490,497	(344,643)

Note 1: n.m. denotes not meaningful

*Source: Annual Report of the Company for FY2021 and FY2022 and the Company's announcement of unaudited condensed financial statements for the six months and full year ended 31 December 2023 dated 28 February 2024 ("**FY2023 Results Announcement**")*

We note that the Group's revenue increased by RMB261.53 million in FY2022. The Group's revenue for FY2023 was significantly lower than FY2022 mainly due to a decrease in both sales volume and average selling prices for the Group's main products, Dimethylformamide and Methylamine.

The profit and total comprehensive income for the year attributable to equity holders of the Company were RMB324.90 million and RMB490.50 million in FY2021 and FY2022 respectively. However, the Group recorded a loss and total comprehensive loss for the year attributable to equity holders of the Company of RMB344.64 million in FY2023 mainly due to gross loss incurred by the Group as a result of lower revenue and lower capacity utilisation of its Dimethylformamide and Methylamine plants.

4.2 Summary of historical financial position of the Group

A summary of the audited statement of financial position of the Group as at 31 December 2022 as well as the unaudited condensed statement of financial position of the Group as at 31 December 2023 are set out below:

RMB'000	As at 31 December 2022	As at 31 December 2023
Current assets	1,698,177	923,183
Non-current assets	287,419	365,879
Total assets	**1,985,596**	**1,289,062**
Current liabilities	705,957	457,215
Non-current liabilities	58,690	66,010
Total liabilities	**764,647**	**523,225**
Share capital	709,977	709,977
Retained earnings / (accumulated losses)	401,655	(54,846)
Statutory reserve fund	110,706	110,706
Equity attributable to equity holders of the Company	1,222,338	765,837
Non-controlling interest	(1,389)	-
Total equity	**1,220,949**	**765,837**
Total equity and liabilities	**1,985,596**	**1,289,062**

Source: Annual Report of the Company for FY2022 and the Company's FY2023 Results Announcement

The equity attributable to equity holders of the Company amounted to RMB1,222.34 million and RMB765.84 million as at 31 December 2022 and 31 December 2023 respectively. The Group recorded positive working capital of RMB992.22 million and RMB465.97 million as at 31 December 2022 and 31 December 2023 respectively.

5. EVALUATION OF THE PROPOSED IPTS

In our evaluation of the Proposed IPTs, we have given due consideration to, *inter alia*, the following key factors which we consider to be pertinent and to have a significant bearing to our evaluation:

(a) rationale for the Proposed Diversification and the Proposed Investment, including the reasons for committing to the terms of the Urea Facility Lease Agreement at this stage instead of closer to the Urea Production Facility Handover Date;

(b) valuation of the Urea Production Facility by the Independent Valuer;

(c) assessment of the Agreed Reimbursement Amount;

(d) proforma financial effects of the Proposed Investment; and

(e) other relevant considerations.

5.1 Rationale for the Proposed Diversification and the Proposed Investment, including the reasons for committing to the terms of the Urea Facility Lease Agreement at this stage instead of closer to the Urea Production Facility Handover Date

It is not within our terms of reference to comment or express an opinion on the merits of the Proposed Diversification and the Proposed Investment. Nevertheless, we have reviewed the Company's rationale for the Proposed Diversification and the Proposed Investment as set out in

Section 2.6 of the Circular, and extracted and replicated the relevant sections 2.6(c) and 2.6(e) in *italics* below.

"(c) The Proposed Diversification is complementary to the Group's Existing Business and the production of synthetic ammonia and urea under the New Business are complementary, and these allow the Group to reduce its reliance on external suppliers for its supply of raw materials and exert a greater degree of control over the quality of the products produced

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 presently. Synthetic ammonia is a key raw material used in the manufacturing and production of DMF and urea. 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, and subject to Shareholders' approval of the Proposed Diversification, the manufacturing and production of urea as well. 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. 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 in turn, the synthetic ammonia that will go into the production of urea and DMF by the Group, as the production process will be directly overseen by the Group. In view of this, there are potential synergies between the Synthetic Ammonia Production Facility, the Urea Production Facility, as well as the Group's existing DMF production facility."

"(e) Entry into the Proposed Investment by way of undertaking the Synthetic Ammonia Project and the lease of the Urea Production Facility is beneficial to Anyang Jiutian as it reduces the 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 New Business in connection with the Proposed Diversification, the rationale for which is explained in Sections 2.6(a) to 2.6(d) of this Circular. 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 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, the Company can tap on Anhua's know-how and business network to ensure that the Group's foray into New Business will progress smoothly.

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

The Company considers leasing the Urea Production Facility from Anhua to be strategic. The production of urea as the main downstream product of synthetic ammonia would potentially provide the Company with higher margins and greater sources of revenue. The Company considers that having both production capabilities for the raw material of synthetic ammonia and the downstream product of urea to have synergistic benefits, potentially resulting in greater cost savings for the Group. To the Company's knowledge, existing competitors have also adopted this business model. While the Urea Production Facility has not been in operation since 2020, the *production fixtures, equipment and facilities remain in working condition, based on the technical evaluation report issued by an independent consultant engaged by the Company in January 2024. It is noted that Anhua has ceased the production of urea by the Urea Production Facility due to certain considerations which are specific to Anhua's business and associated business strategies at that point in time, and Anhua is not presently engaged in the production of urea. By leasing the plant that Anhua is not currently using, the Company will be able to mitigate the transaction risks and obtain support from Anhua. Hence, the Company is of the view that it is more cost-effective to lease the Urea Production Facility from Anhua, as opposed to commissioning and constructing a new urea production facility or to purchase such a production facility.*

Further, Preliminary Work has been conducted in relation to the Synthetic Ammonia Project since May 2017 by Anhua. Anyang Jiutian, in taking over the Synthetic Ammonia Project from Anhua, can rely on the previous work done by Anhua, which leads to time savings as it is envisaged that Anyang Jiutian can complete the construction of the Synthetic Ammonia Production Facility within a shorter timeframe as compared to starting from scratch. This is also beneficial to Anyang Jiutian in terms of the opportunity cost, as Anyang Jiutian was able to deploy its available funds into its other businesses and investments rather than invest such funds to the Synthetic Ammonia Project since May 2017."

Further details on the rationale for the Proposed Diversification and the Proposed Investment can be found in Section 2.6 of the Circular.

5.1.1 Strategic benefits of the Urea Facility Lease Agreement

We note the benefits of the Urea Facility Lease Agreement as set out in Section 3.4(c) of the Circular, and extracted and replicated the relevant section in *italics* below.

"The Board is of the view that it is beneficial to the Group to execute the Urea Facility Lease Agreement and determine the Agreed Rental Fee at this stage and not closer to the Urea Production Facility Handover Date so as to secure urea production facilities to support the Proposed Diversification. It is believed that such urea production facilities with the production capacity that the Group requires for the New Business are not readily available in the market. In addition, the Urea Production Facility is in proximity to the Synthetic Ammonia Project Land, which allows for ease of management, inspection and maintenance of the production facilities. The Board has also assessed the investment in the Synthetic Ammonia Production Facility to be strategic to the Group's growth prospects."

As stated above and in Sections 2.6(c) and 2.6(e) under the rationale of the Proposed Diversification and the Proposed Investment, we note that the prospective supply of synthetic ammonia from the Synthetic Ammonia Facility underpins the commercial rationale for leasing the nearby Urea Production Facility at this stage, instead of closer to the Urea Production Facility Handover Date.

5.2 Valuation of the Urea Production Facility by the Independent Valuer

In connection with the Proposed Investment, the Company has appointed the Independent Valuer to assess the market value of the annual rental of intangible assets (being the land use rights) and fixed assets (being the buildings and equipment) held by Anhua and to be leased to Anyang Jiutian as at the Valuation Date ("**Market Value**"). The Valuation Summary Letter is reproduced as Appendix B to the Circular, and the Valuation Summary Letter and the Valuation Report are documents available for inspection at the registered office of the Company for 3 months from the date of the Circular. Shareholders are advised to read the Valuation Summary Letter carefully, in particular, the valuation methodologies as well as the key assumptions and critical factors which may materially affect the Market Value.

We note that the Independent Valuer was restructured and established in February 2000 and has obtained the Asset Appraisal Qualification Certificate and Securities and Futures Related Business Appraisal Qualification Certificate (certificate number: 0571061003), and is registered with the Ministry of Finance of the PRC and the China Securities Regulatory Commission. The independent Valuation Summary Letter and the Valuation Report are prepared by Leo Ma who is a licensed appraiser and has obtained various certifications and membership such as the (i) Certification of Certified Public Valuator, issued by the Ministry of Finance of the PRC, (ii) China Real Estate Appraiser, issued by the Ministry of Housing and Urban-Rural Development of the PRC, (iii) China Land Appraisal, issued by the Ministry of Land and Resources of the PRC, (iv) China Mining Rights Appraiser, issued by the Ministry of Natural Resources of the PRC and (v) membership certificate from the China Appraisal Society. He has more than 20 years of experience in business and asset related appraisals.

We are not experts in the evaluation and appraisal of assets and have placed sole reliance thereon for the Independent Valuation and/or information contained in Valuation Report and Valuation Summary Letter. We are not involved in the preparation of and assume no responsibility for the Valuation Report and Valuation Summary Letter. We have also not made any independent verification of the matters or bases set out in the Valuation Report and Valuation Summary Letter.

5.2.1 Valuation approaches selected by the Independent Valuer

The Independent Valuer has considered three generally-accepted valuation approaches, namely the income approach, the market approach and the cost approach in arriving at the Market Value. For the purpose of determining the Market Value, the Independent Valuer has applied the market approach for the valuation of the land use rights (on the basis of a 20-year lease term) and a combination of the cost approach and the income approach for the valuation of the annual rental of buildings and equipment.

Valuation Methodology	**Description of valuation approach**
Cost approach	The valuation of an asset using the cost approach is based upon the concept of replacement as an indicator of value. A prudent investor would pay no more for an asset than the amount for which he could replace the asset new. The cost approach establishes value based on the cost of reproducing or replacing the property, less obsolescence from physical deterioration and functional obsolescence, if present and measurable. This approach generally provides the most reliable indication of the value of land improvements, special-purpose buildings, special structures, systems, and special machinery and equipment.
Income approach	The income approach is based on the premise that the value of a security or asset is the present value of the future earning capacity that is available for distribution to the subject investors in the security or asset. The most commonly used income approach for the value analysis of securities or individual assets is a discounted cash flow analysis. A discounted cash flow analysis involves forecasting the appropriate cash flow stream over an appropriate period and then discounting it back to a present value at an appropriate discount rate. This discount rate should consider the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued. The income approach is appropriate for the analysis of the assets (intangible or tangible) with predictable future income.

Valuation Methodology	Description of valuation approach
Market approach	The market approach is the valuation of an asset or security based upon what investors are paying for similar assets or securities in the marketplace. The market approach includes the development of ratios of market prices to various metrics of the guideline assets or securities, which are then used to develop an estimate of value for the subject asset or security. Consideration is given to adjustments for differences between the subject and guideline assets or securities, as well as the date, source and depth of market data.

The Independent Valuer has confirmed that the Independent Valuation has been undertaken in accordance with the requirements of the International Valuation Standards published by the International Valuation Standards Council.

Valuation of the land use rights

The value of the annual rental for the land use rights of the Urea Production Facility was computed based on the standard rent rate as announced by the municipal Natural Resources and Planning Bureau of China, and adjusted with the correction coefficient (which takes into account factors such as the accessibility and the location of the land) and the date correction coefficient (to account for the difference between date of the relevant benchmark land price and the Valuation Date).

Valuation of the building and equipment

The Independent Valuer has used a combination of the cost approach and income approach to derive the market value of the annual rental for the buildings and equipment in respect of the Urea Production Facility. The annual rental is based on the value of the leased assets discounted to its present value, and the value of the leased assets is based on replacement costs of the leased assets and applying a newness rate to the costs. To arrive at the replacement costs, the Independent Valuer has applied the price index obtained from a published government source to the original book value of the asset.

5.2.2 Key assumptions undertaken by the Independent Valuer

We extract the key assumptions and critical key drivers highlighted by the Independent Valuer in the Valuation Report and Valuation Summary Letter, as follows:

(a) The buildings assets included in the valuation scope this time have not obtained real estate certificates.

(b) The details of the assets included in the valuation scope this time were determined by Anyang Jiutian.

(c) The reported building area of buildings assets, number of machines and equipment and other data were declared by Anyang Jiutian based on the actual status of the assets. The valuation personnel conducted necessary spot checks and verifications. Anyang Jiutian is responsible for the completeness and accuracy of important information related to such assets.

(d) The valuation conclusion is calculated based on the market conditions of the valued assets on the Valuation Date, and rents are highly time sensitive. Once market conditions change, it will have a significant impact on the leasing market and the valued assets may require a revaluation.

(e) The valuation analysis services are provided based on economic, market and other conditions prevailing on the Valuation Date. These circumstances may change significantly within a relatively short period of time. Unless requested by the Company, the valuation analysis is in response to any subsequent information or circumstances.

(f) The equipment assets included in the valuation scope can operate normally.

Please refer to the Valuation Summary Letter enclosed in Appendix B to the Circular for further details.

5.2.3 Valuation by the Independent Valuer

The market value of the annual rental for the lease of land use rights, buildings and equipment in respect of the Urea Production Facility as appraised by the Independent Valuer as at the Valuation Date, are as follows:

Urea Production Facility	**Annual rental value (RMB)**
Land use rights	363,960
Buildings	871,494
Equipment	2,493,500
Total	**3,728,954**

Based on the foregoing, the aggregate of the market values of the annual rental for the lease of the land use rights, buildings and equipment in respect of the Urea Production Facility, as appraised by the Independent Valuer, is RMB3,728,954. Based on the 20-year initial Lease Term, the market value of the rental for the Urea Production Facility is RMB74,579,080.

We note that the Agreed Rental Fee of RMB3,728,954 (or approximately S$0.70 million) per annum is based on the market value ascribed by the Independent Valuer.

5.3 Assessment of the Agreed Reimbursement Amount

We note that there is no mark up to the Reimbursement Amount and such costs would have been preliminary costs that Anyang Jiutian would otherwise have had to bear in respect of the Synthetic Ammonia Project.

Anyang Jiutian and Anhua will designate the necessary personnel for the verification of such costs, and the final quantum of the Reimbursement Amount shall be subject to the review and approval of the Audit Committee of the Company who shall (a) review the work done by the management of the Company and Anyang Jiutian to verify the Reimbursement Amount and (b) approve the Reimbursement Amount, as part of the Company's internal controls.

The Parties have acknowledged that the costs incurred by Anhua in respect of the Preliminary Work done as at 31 October 2023 is RMB20.55 million (or approximately S$3.84 million) and that Anhua will continue to incur Preliminary Work Costs on an ongoing basis up to the Synthetic Ammonia Project Handover Date.

5.4 Proforma financial effects of the Proposed Investment

The proforma financial effects of the Proposed Investment have been prepared based on the unaudited financial results of the Group for FY2023, and take into account the Proposed Investment, which includes the Agreed Reimbursement Amount and the Agreed Rental Fee. The proforma financial effects are purely for illustrative purposes only and are therefore not necessarily indicative of the actual financial position of the Group after completion of the Proposed Investment. Shareholders are advised to read the information set out in Section 4.4 of the Circular carefully, including the assumptions set out therein.

Accordingly, we have extracted the salient points of the proforma financial effects of the Proposed Investment from the Circular as illustrated below:

(i) Share capital

The Proposed Investment will not have any effect on the issued and paid-up share capital of the Company as at 31 December 2023.

(ii) NTA per Share of the Group

The Proposed Investment will not have any effect on the Group's NTA per Share of RMB38.51 cents as at 31 December 2023.

(iii) Loss per Share ("**LPS**") of the Group

The Proposed Investment will not have any effect on the Group's LPS for FY2023 of RMB17.44 cents.

(iv) Gearing ratio

Upon completion of the Proposed Investment, the gearing ratio of the Group as at 31 December 2023 will increase from 35% to 191%.

We recommend the Non-Interested Directors to advise the Shareholders to read Section 4.4 of the Circular carefully, in particular the assumptions relating to the preparation of the proforma financial effects of the Proposed Investment on the Group.

5.5 Other relevant considerations

In assessing the terms of the Proposed IPTs, we have also considered the following:

5.5.1 <u>Abstention from voting in respect of the Proposed Investment and Proposed IPTs</u>

Anhua will abstain, and has undertaken to ensure that 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 Ordinary Resolution 2 in respect of the Proposed Investment and Ordinary Resolution 3 in respect of the Proposed IPTs, and (b) voting on Ordinary Resolution 2 in respect of the Proposed Investment and Ordinary Resolution 3 in respect of the Proposed IPTs.

Further, each of Anhua and its associates undertakes to decline to accept appointment as proxies to vote at and attend the forthcoming EGM in respect of the Ordinary Resolution 2 on the Proposed Investment and Ordinary Resolution 3 on the Proposed IPTs, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast at the EGM.

5.5.2 Inter-conditionality of the resolutions relating to the Proposed Investment and Proposed IPTs

Shareholders should note that the resolution approving the Proposed Investment ("**Ordinary Resolution 2**") and the resolution approving the Proposed IPTs ("**Ordinary Resolution 3**") are inter-conditional upon each other.

This means that if either of Ordinary Resolution 2 on the Proposed Investment or Ordinary Resolution 3 on the Proposed IPTs is not approved by Shareholders, both Ordinary Resolution 2 on the Proposed Investment and Ordinary Resolution 3 on the Proposed IPTs will not be passed.

5.5.3 Outlook of the Group

The selected extracts are from the Company's FY2023 Results Announcement, as reproduced in *italics* below:

"As stated in the 1H2023's commentary which was announced on 3 Aug 2023, the Group's financial performance continue affected by the significant downward correction of product prices across all main products of the Group, arising from the double effect of industry wide softening of demand and new production capacity added by the new main competitor in this industry. We expect to continue facing low product prices in FY2024. We will adjust our production volume so as to minimize the losses arising from low product prices in due course.

On a macro economic front, challenges such as trade tensions, geopolitical conflict and other uncertainties remain as peripheral concerns. In addition, burdened by the protracted property crisis, weak consumer and business confidence, mounting local government debts, and weak global growth, resulted the slower than expected recovery of the China's economy from post-COVID pandemic is dampening demand across the board. In view of the above, the business environment will remain challenging for the financial year. Going forward, the Group will continue to monitor the market condition closely and adapting its business strategies as and when appropriate.

Updates of the construction of the new 100,000-ton Methylamine plant

*The Board wishes to provide an update to shareholders on the progress of the Group's expansion plan comprising a new 100,000-ton methylamine plant adjacent to our current 120,000-ton methylamine/DMF facility (the "**New Plant**"). The construction of the New Plant has been substantially completed. Commercial production of methylamine is expected in 1H2024."*

5.5.4 Risk factors relating to the New Business

In undertaking the Proposed Diversification, the Group could be affected by a number of risks which relate to the New Business as well as those which may generally arise from, *inter alia*, economic, business, market and political factors, including the risks set out in Section 2.8 of the Circular. Shareholders should carefully consider and evaluate each of the risk factors (including the risk factor entitled "The New Business and in particular, the Proposed Investment may be affected by risk associated with the long-term lease of the Urea Production Facility") and all other information contained in the Circular.

6. OUR OPINION

In determining if the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders, we have considered the views and representations made by the Directors and the Management, and reviewed and deliberated on, *inter alia*, the following factors:

(a) the rationale for the Proposed Diversification and the Proposed Investment, including the reasons for committing to the terms of the Urea Facility Lease Agreement at this stage instead of closer to the Urea Production Facility Handover Date;

(b) valuation of the Urea Production Facility by the Independent Valuer;

(c) assessment of the Agreed Reimbursement Amount;

(d) the proforma financial effects to the Proposed Investment; and

(e) other relevant considerations which are deemed to be relevant in relation to the Proposed IPTs as set out in Section 5.5 of the IFA Letter.

Accordingly, it is important that our IFA Letter, in particular, all the considerations and information which we have taken into account, be read in its entirety.

Having considered carefully the information available to us as at the Latest Practicable Date and based on our analyses, we are of the opinion that the Proposed IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

We would like to highlight that the above analyses are based upon market, economic, industry, monetary and other conditions prevailing as well as information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent developments after the Latest Practicable Date that may affect our opinion contained therein.

We wish to emphasise that the Directors or the Management have not provided us with any financial projections or forecasts in respect of the Company or the Group and we have, *inter alia*, relied on the relevant statements contained in the Circular, confirmations, advice and representations by the Directors and the Management, and the Company's announcements in relation to the Proposed IPTs. In addition, Directors should note that we have arrived at our opinion based on information made available to us prior to and including the Latest Practicable Date.

We would like to highlight that we do not express any opinion on the rationale for, as well as the legal and commercial risks and/or merits (if any) of the Proposed IPTs, which remains the sole responsibility of the Directors. It is also not within our terms of reference to provide an opinion on the relative merits of Proposed IPTs vis-à-vis any alternative transaction(s) previously considered by the Company or transaction(s) that the Company may consider in the future.

We have prepared this IFA Letter pursuant to Rule 921(4)(a) of the Catalist Rules as well as for use by the Non-Interested Directors in connection with their consideration of the Proposed IPTs, but any recommendations made by the Non-Interested Directors in respect of the Proposed IPTs shall remain their sole responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for purposes (other than relating to the Proposed IPTs) at any time and in any manner without the prior written consent of ZICO Capital.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
ZICO Capital Pte. Ltd.

Alex Tan Tiong Huat Chief Executive Officer	Karen Soh-Tham Lye Kit Managing Director

天源
TIANYUAN

Hangzhou, Zhejiang
Room 1202, Building A, Hualian Times Building,
No. 8 Xinye Road, Shangcheng District
Tel: 0571-88879782
Email: tycpv@tycpv.cn

5 March 2024

The Board of Directors
Jiutian Chemical Group Limited
9 Raffles Place
#26-01, Republic Plaza
Singapore 048619

INDEPENDENT VALUATION SUMMARY LETTER

IN RELATION TO THE RENTAL OF INTANGIBLE ASSETS AND FIXED ASSETS HELD BY ANYANG CHEMICAL INDUSTRY GROUP CO., LTD. AND TO BE LEASED BY ANYANG JIUTIAN FINE CHEMICAL CO., LTD.

Dear Sirs / Madames,

1. Introduction

Jiutian Chemical Group Limited ("Jiutian") has engaged Tianyuan Assets Appraisal Co., Ltd.(“**us**” or “**Tianyuan**”) to provide valuation services based on the market value on December 31, 2023 (the "**Valuation Date**") for the annual rental of intangible assets and fixed assets held by Anyang Chemical Industry Group Co., Ltd. ("**Anhua Group**") and to be leased by Anyang Jiutian Fine Chemical Co., Ltd. ("**Anyang Jiutian**"), a subsidiary of Jiutian.

2. Terms of Reference

This letter is a summary containing information from our valuation report dated 5 March 2024 (the “ **Valuation Report** ”), and has been prepared for the purposes of public disclosure to seek Shareholders’ approval for the proposed investment into the synthetic ammonia project and lease of urea production facility (“Proposed Investment” and should be read in conjunction with the Valuation Report (where required).

Our Valuation Report was prepared in accordance with the requirements of International Valuation Standards published by the International Valuation Standards Council.

The valuation subject of this project is the market value of annual rental of intangible assets and fixed assets held by Anhua Group that Anyang Jiutian intends to lease.

The valuation scope of this project is the urea plant equipment, buildings and land use rights of urea plant project, which are held by Anhua Group to be leased by Anyang Jiutian.

Market value refers to the estimated amount of the value of the valuation subject in a normal and fair transaction on the Valuation Date when a willing buyer and a willing seller act rationally and without any coercion.

Selecting market value for this valuation follows the principle that the type of value is consistent with the purpose of valuation, and fully considers factors such as market conditions and the conditions of the valuation subject itself. The type of value was specified when we accept the valuation commission.

3. Reliance on Information

The results of our work rely on the integrity of the information and data provided by management. Unless expressly stated in a report, we have not independently verified the information or documents provided to us. Accordingly, we do not issue an audit opinion on the information in this report.

Management has received a summary of key assumptions. The management has confirmed with us that all relevant important facts mentioned are accurate, and the management has not found any important information related to this value analysis service that we have not been informed.

4. Valuation Approach and Methodology

Building and equipment rental assets

In this valuation, the income approach is used for rental valuation of buildings and equipment lease assets. The income method mainly includes two valuation methods: the direct capitalization method and the remuneration capitalization method.The remuneration capitalization method is a method of estimating the rental value of buildings or equipment by predicting the net income of the buildings or equipment in the future duration and discounting it based on a reasonable rate of return. This valuation was calculated using the remuneration capitalization method.

Valuation model and basic formula: $A=P\times r/(1-(1+r)^{(-n)})$

− In the formula: P is the value of the leased asset;

A is the annual rent of the leased asset;

r is the discount rate;

n is the discount period.

Intangible assets - land lease assets

The benchmark land price correction coefficient method was used to conduct value analysis on the rental valuation of land lease assets. Corresponding coefficient corrections shall be made based on the annual rent standard for land income announced by the local Natural Resources and Planning Bureau, as well as the connotation and usage requirements in the description. Since there is a difference between the base date of the annual rent standard and the Valuation Date, a date correction is required.

The correction formulas:

Unit rent = rent standard × (1 + correction coefficient) × date correction coefficient

5. Key and Principal Assumptions

Our conclusions are subject to the key assumptions outlined in our Valuation Report, *inter alia,* the followings:

- The buildings assets included in the valuation scope this time have not obtained real estate certificates.
- The details of the assets included in the valuation scope this time were determined by Anyang Jiutian.
- The reported building area of buildings assets, number of machines and equipment and other data were declared by Anyang Jiutian based on the actual status of the assets. The valuation personnel conducted necessary spot checks and verifications. Anyang Jiutian is responsible for the completeness and accuracy of important information related to such assets.
- This valuation conclusion is calculated based on the market conditions of the valued assets on the Valuation Date, and rents are highly time-sensitive. Once market conditions change, it will have a significant impact on the leasing market and the valued assets may require a revaluation.

- The equipment assets included in the valuation scope can operate normally.

- Our value analysis services are provided based on economic, market and other conditions prevailing on the Valuation Date. These circumstances may change significantly within a relatively short period of time. Unless requested by your company, we will not update our value analysis in response to any subsequent information or circumstances.

6. Conclusion of Value

Based on our analysis of the market value of the intangible assets and fixed assets planned to be leased by Anyang Jiutian on the Valuation Date, the market value of annual rental is determined as follows:

Type of assets	**Annual Rental (RMB)**
Land use rights	363,960
Buildings	871,494
Equipment	2,493,500
Total	**3,728,954**

The annual rental of intangible assets and fixed assets held by Anhua Group to be leased by Anyang Jiutian is RMB 3,728,954.00.

Yours sincerely,

Leo Ma
For and on behalf of
Tianyuan Assets Appraisal Co., Ltd.

NOTICE OF EXTRAORDINARY GENERAL MEETING

JIUTIAN CHEMICAL GROUP LIMITED

(Company Registration No.: 200415416H)
(Incorporated in the Republic of Singapore)

*Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 5 March 2024 (the "**Circular**") issued by Jiutian Chemical Group Limited (the "**Company**").*

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of the Company will be held at Ballroom 1, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 20 March 2024 at 10.00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions.

ORDINARY RESOLUTION 1 – THE PROPOSED DIVERSIFICATION INTO THE NEW BUSINESS

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

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 IPTs

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.

Shareholders should note that:

(A) the passing of Ordinary Resolution 1 is **not conditional** on either the passing of Ordinary Resolution 2 or Ordinary Resolution 3;

(B) the passing of both **Ordinary Resolution 2 and Ordinary Resolution 3 are conditional on the passing of Ordinary Resolution 1.** Accordingly, if Ordinary Resolution 1 is not approved, Ordinary Resolution 2 and Ordinary Resolution 3 will not be duly passed; and

(C) **Ordinary Resolution 2 and Ordinary Resolution 3 are inter-conditional**, meaning that Ordinary Resolution 2 is conditional on the passing of Ordinary Resolution 3, and *vice versa*.

In accordance with Rule 919 of the Catalist Rules, Anhua and its associates will abstain from voting on (a) Ordinary Resolution 2, which relates to the Proposed Investment and (b) Ordinary Resolution 3, which relates to the Proposed IPTs, nor accept appointments as proxies unless specific instructions as to voting are given.

BY ORDER OF THE BOARD

JIUTIAN CHEMICAL GROUP LIMITED
Xu Aijun
Non-Executive and Non-Independent Chairman

5 March 2024

NOTES:

Access to Documents for the EGM

1. The Company has opted for electronic dissemination of the Circular and printed copies of the Circular will not be sent to Shareholders. Instead, the Circular will be sent to Shareholders by electronic means via publication on SGXNet and the Company's corporate website at the URL http://www.jiutianchemical.com.sg.

2. Printed copies of this Notice of EGM and the accompanying Proxy Form will be sent by post to Shareholders and have also been published on SGXNet and the Company's website (together with the Circular) at the URL http://www.jiutianchemical.com.sg/.

3. Shareholders may access the Circular, this Notice of EGM and the accompanying Proxy Form at the Company's website at the URL http://www.jiutianchemical.com.sg/. Any Shareholder who wishes to request for a printed copy of the Circular should email their request to nghankiat@jiutianchemical.com no later than 13 March 2024 and provide their particulars as follows:

   (a) Full name (for individuals)/company name (for corporates);

   (b) NRIC or Passport Number (for individuals)/Company Registration Number (for corporates); and

   (c) Mailing address.

Submission of Proxy Forms to Vote

4. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend physically, speak and vote at the EGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy (expressed as a percentage as a whole) shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 by no later than 10.00 a.m. on 17 March 2024, being not less than 72 hours before the time appointed for the EGM. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the EGM.

Submission of Questions

8. Shareholders can submit substantial and relevant questions relating to the resolution to be tabled for approval at the EGM, in advance of the EGM, to the Company in the following manner:

   (a) Shareholders may submit their questions by post, to be deposited at the registered office of the Company at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619; or

   (b) Shareholders may submit their questions electronically via email to nghankiat@jiutianchemical.com,

   in each case, by 5.00 p.m. on 12 March 2024 (the "**Cut-Off Time**").

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

9. When submitting substantial and relevant questions electronically via email or by post, Shareholders must provide the Company with the following details to enable the Company to verify their status as Shareholders: (a) status: individual shareholder or corporate representative; (b) full name/full company name (as per CDP/CPF/SRS/Scrip-based records); (c) NRIC/FIN/Passport number/ Registration number; (d) email address; and (e) contact number (optional).

10. Persons who hold Shares through Relevant Intermediaries (as defined under Section 181(6) of the Companies Act) (other than CPF/SRS investors) should contact their respective Relevant Intermediaries through which they hold such Shares to submit their questions relating to the resolution to be tabled for approval at the EGM based on the abovementioned instructions.

11. The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the EGM, before or during the EGM. The responses to substantial and relevant questions received from Shareholders by the Cut-Off Time will be posted on SGXNet and the Company's corporate website at the URL http://www.jiutianchemical.com.sg/ before 10.00 a.m. on 15 March 2024, being at least forty-eight (48) hours prior to the closing date and time for the lodgement of the Proxy Form. The Company will address any subsequent clarifications sought, or substantial and relevant follow-up questions (relating to the resolution to be tabled for approval at the EGM) received after the Cut-Off Time which have not already been addressed prior to the EGM, as well as those substantial and relevant questions received at the EGM, during the EGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Other Information

12. We will publish the minutes of the EGM on our corporate website and SGXNet within one month after EGM, and the minutes will include the responses to substantial and relevant questions from Shareholders which are addressed during the EGM.

13. The voting at the EGM will be conducted by poll manually.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

JIUTIAN CHEMICAL GROUP LIMITED
(Company Registration No. 200415416H)
(Incorporated in the Republic of Singapore)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT:
1. A relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) may appoint more than two proxies to attend, speak and vote at the EGM.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy Shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. CPF and SRS investors are requested to contact their respective agent banks for any queries within 7 working days prior to the EGM date with regard to their appointment as proxies.

*I/We ______________________________ (Name) ________________________ (*NRIC/Passport/Co. Reg. No.)

of ____ (Address)

being a *member/members of Jiutian Chemical Group Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her the Chairman of the meeting, as my/our proxy/proxies to vote on my/our behalf at the extraordinary general meeting ("**EGM**") of the Company to be held at Ballroom 1, Orchard Hotel Singapore, 442 Orchard Road, Singapore 238879 on Wednesday, 20 March 2024 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the EGM as hereunder indicated. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM and at any adjournment thereof.

Unless otherwise defined, all capitalised terms herein shall bear the same meaning as used in the circular dated 5 March 2024 issued by the Company.

ORDINARY RESOLUTIONS	For*	Against*	Abstain*
To approve the Proposed Diversification into the New Business			
To approve the Proposed Investment			
To approve the Proposed IPTs			

* Voting will be conducted by poll. If you wish to exercise all your votes "For", "Against" or "Abstain" in respect of the relevant resolution, please tick (✓) in the relevant box provided. Alternatively, if you wish to exercise your votes "For", "Against" or "Abstain" in respect of the relevant resolution, please indicate the number of Shares in the boxes provided.

Signed this __________ day of ____________________ 2024.

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/Corporation's Common Seal

IMPORTANT:
PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. (a) A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the EGM. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy (expressed as a percentage as a whole) shall be specified in the proxy form. If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member's proxy form appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the proxy form. In relation to a relevant intermediary who wishes to appoint more than two proxies, it should annex to the proxy form the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of Shares, class of Shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF/SRS investors as its proxies shall comply with this Note.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited with the Company's Share Registrar, Tricor Barbinder Share Registration Services at 9 Raffles Place, #26-01, Republic Plaza, Singapore 048619 not less than 72 hours before the time appointed for the EGM. Completion and return of the instrument appointing a proxy shall not preclude a member from attending and voting at the EGM. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the EGM in person and, in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the EGM.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the EGM.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 5 March 2024.